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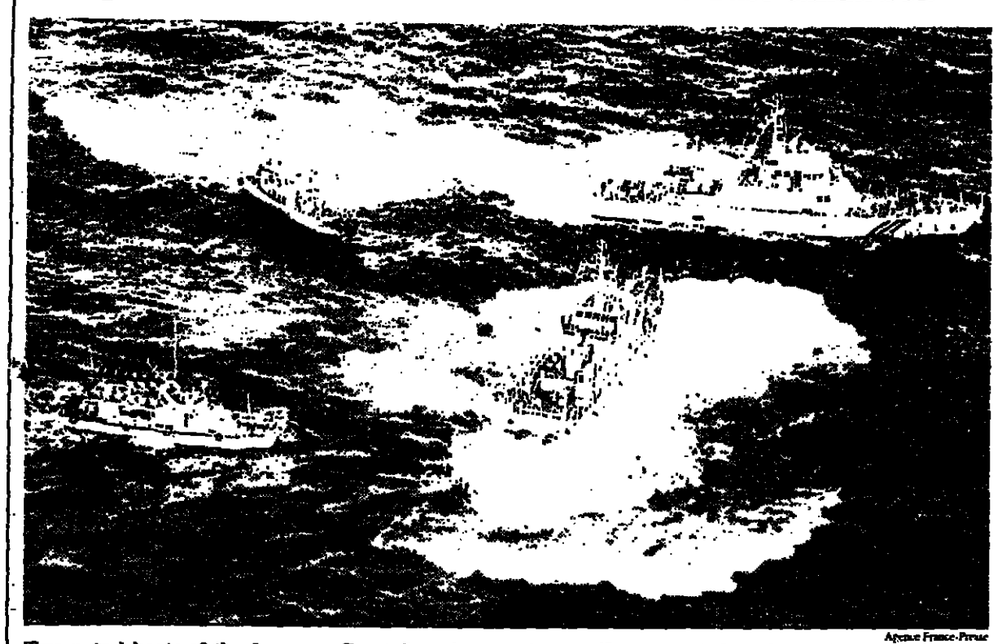
TODAY: STYLE Page 15

Japan Skirmishes With Protesters in the East China Sea



Agence France-Presse

Two patrol boats of the Japanese Coast Guard trying to stop Taiwanese fishing boats from approaching disputed islands claimed by Tokyo, Beijing and Taipei. The protesters said their vessels were rammed. Page 4.

Juppe Says He'll Resign

French Vote Shows That 'We Need a New Team'

By Joseph Fitchett
International Herald Tribune

PARIS — Prime Minister Alain Juppe announced Monday that he would resign following a humiliating disavowal by French voters in the first round of parliamentary elections.

The balloting Sunday put the Socialist alliance in a position to take over the government in the final voting this weekend, making it a virtual certainty that the unpopular Mr. Juppe would have to go. His announcement that he would leave after the runoff, no matter what the outcome, confirmed that.

"We need a new team led by a new prime minister," he told leaders of the center-right coalition.

By taking the blame for the government's unpopularity, Mr. Juppe, 51, spared President Jacques Chirac from the embarrassing task of publicly dismissing his most loyal aide and political ally.

Mr. Chirac is to address the nation on Tuesday night.

For the last two years, the two men have operated as an unusually tight tandem as they sought to cut back the government's role in the French economy, even at the price of record unpopularity.

Neither man seemed able to offer the French people persuasive explanations for mounting unemployment and shrinking benefits or reassure voters that the government was determined to root out corruption and curb political favoritism.

Mr. Chirac was supremely comfortable working with his long-time loyalist and had made it plain that he hoped to keep Mr. Juppe as prime minister during what promised to be difficult months next year as the deadline approached for France to join a single European currency.

That looming test prompted the two men to call elections a year early — a move that proved a disastrous miscalculation. Now, Mr. Juppe's departure opened the way for conservative leaders to claim that they are responsive to the protest message from voters and promise a fresh start, new faces and mended ways if the center-right coalition can

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Patrick Bernard/Agence France-Presse

Prime Minister Alain Juppe answering questions Monday at a press conference in Bordeaux after his conservative coalition's election setback.

NATO and Russia: The Gazprom Factor

Financial Interests and Ambitions Lead Yeltsin to Sign the Accord

By David Hoffman
Washington Post Service

MOSCOW — Andrei Kortunov, a Russian foreign policy analyst, said he recently bumped into an executive from Gazprom, Russia's powerful natural gas monopoly, which is raising billions of dollars on global markets to build a mammoth gas pipeline to Western Europe.

"Why are you guys so concerned about the enlargement of NATO to the East?" the executive asked. "I can assure you that the enlargement of NATO to the East will be more than compensated for by the enlargement of Gazprom to the West."

His comment helps explain why President Boris Yeltsin plans to sign a Founding Act in Paris on Tuesday with the leaders of the 16-member alliance, paving the way for the North Atlantic Treaty Organization to invite Poland, Hungary and the Czech Republic to join by 1999.

Mr. Yeltsin is signing, begrudgingly, because a deal with NATO is an essential step in his larger effort to integrate Russia into the exclusive clubs of the wealthy nations, according to Russian analysts and Western diplomats.

Despite criticism at home, Mr. Yeltsin has accepted the view of Russia's financial and industrial leaders that the country must keep its doors open to the West, they said. It is a view also championed by Anatoli Chubais and Boris Nemtsov, the deputy prime ministers at the helm of Mr. Yeltsin's reinvigorated second-term reform drive.

"What we're seeing is the influence of Chubais and the financial elites," a Western diplomat said. "They are not interested in confrontation with the West. They want stability with the West and they want to avoid remilitarization of the economy."

In public, Mr. Yeltsin has not made such an argument. Rather, he said that NATO expansion was inevitable and that Russia had no choice but to "min-

See RUSSIA, Page 14

The Euro and Chirac Among the Big Losers

Timing Blunder By the President

By John Vinocur
International Herald Tribune

PARIS — Regardless of the final results Sunday in the runoff round, France is coming out of its parliamentary elections more troubled than it went in, an increasingly unsettled place, disaffected, quarrelsome and vague on leadership and direction.

President Jacques Chirac, whether backed by a narrowed conservative margin in a new National Assembly or opposed by a majority of Socialists and Communists, has become the president who called an election he didn't need — and lost, whatever the details of its outcome.

Never an intellectual, never a visionary, Mr. Chirac was always in the French mind, at the very least, a politician of real professional capabilities. Excluding a miraculous turnabout, Mr. Chirac appears to have forfeited this pillar of respect, asking the French for their opinion on his government's competence a year before a vote was required and meeting with a brutal reply

NEWS ANALYSIS

— that the electorate neither liked nor understood the government's policies or prospects, and resented the president's attempt to finesse the issue, a grocer hoping to settle his debts before opening the new bills slipped under the door.

At the core of political life in France and of its link to relationships with the rest of the world, the president made a political gamble. Losing it would not necessarily be mortal here or in politics in general, but Mr. Chirac's choice to gamble his 464-seat parliamentary cushion turned out to be ill-informed, almost startlingly out-of-touch.

Monday night's announcement that Prime Minister Alain Juppe would not be back, come what may in the runoffs, presented the French with an unpopular head on a pike, while attempting to look attentive and quick to respond in the face of the first-round's awful results. But the move had the same kind of obviousness as the elections them-

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New Uncertainty On Fiscal Policy

By Alan Friedman and John Schmid
International Herald Tribune

Prospects for Europe's planned single currency have been plunged into fresh uncertainty by the Socialists' strong showing in French elections, economists said Monday.

No matter who wins the runoff election Sunday, they said, fiscal policies in France, and probably elsewhere in Europe, are now more likely to be watered down and the euro to become a weaker currency than expected.

The French vote also means that — from Brussels to Bonn, Paris and Rome — the public debate over monetary union is likely to shift to an emphasis on job creation and economic growth at the expense of austerity, economists said.

"Whatever happens on Sunday, the climate already is shifting," said Christopher Potts, head of economic research at the Chevreux de Virieu investment house in Paris. "There already has been a vote against the status quo."

In the financial markets, the surprise trouncing of the French center-right raised questions about whether any French government could remain committed to deficit-reduction and privatizations, or stick to a tough fiscal stability pact after the introduction of the euro.

Benchmark stocks posted their largest one-day drop in nearly five years, and shares of many state-controlled companies that were planned for sale, including Thomson-CSF and Credit Lyonnais, led the plunge. (Page 17) The franc declined to 3.3745 to the mark from 3.3685 last Friday. (Page 18)

Even if the center-right government manages to maintain a majority in the

See EMU, Page 8

From Asia's 'Tigers,' a Lesson for Impoverished Africa

By Nicholas D. Kristof
New York Times Service

KISANGANI, Congo — One of the great paradoxes of Africa is that its people are for the most part desperately poor while its land is extraordinarily rich. East Asia is the opposite: a region mostly poor in resources that over the last few decades has enjoyed the greatest economic boom in human history.

The area around this river port city in eastern Congo, the former Zaire, is a case in point: it is dilapidated and impoverished yet studded with diamonds. Back in the 1950s, when this country and several others in Africa were at the same income level as South Korea while blessed with far more natural resources, it might have seemed reasonable that Africa would soon leave Asia in the dust.

Now South Korea has a per capita income of about $10,000 a year, and Congo stands at $150. Narrowing the gap is a fundamental challenge for Congo's new leaders as they try to rebuild their country.

How to Turn Poor Into Rich: It's More Than Economics

And a vital first step, not only for Congo but also for others across Africa — and for big aid donors like the United States — is understanding why such yawning disparities have occurred.

A wave of new research into the contrast between Africa and East Asia is producing some surprising findings. The most striking and reassuring conclusion is that although East Asia enjoyed some significant cultural and historical advantages, its economic boom relied on factors that probably can be replicated elsewhere.

In a nutshell, the formula was an outward-oriented, market-based economic policy coupled with an emphasis on education and health care. Countries in other regions like Chile have followed the strategy with success. Several African countries, led by Uganda, are trying to learn from the Asian experience and are enjoying their own Asian-style boom.

Uganda, a beautiful, vividly green nation on the banks of Lake Victoria in East Africa, now has one of the fastest-growing economies in the world. Yet it is simply at the crest of a wave of African countries that are experimenting with privatization and stock markets — there are 16 so far in Africa — and trying to prove that rapid economic growth is not a prerogative of East Asia alone.

"This is still in the early days, and we're not euphoric and jumping up and down, but we think that parts of Africa are moving in the right direction," said Alan Helb, chief economist for Africa at the World Bank. "I think there are grounds for optimism."

At last count, four countries — Uganda, Angola,

See AFRICA, Page 14

Search for Mobutu's Wealth Centers on Switzerland

By William Drozdiak
Washington Post Service

ZURICH — Mobutu Kongolo always seemed to have a special affinity for Switzerland. The son of Zaire's fallen dictator, Mobutu Sese Seko, attended school here, bestowed gifts of diamonds on his closest friends, and basked in the attention of financiers eager to cultivate one of Africa's bigger family fortunes.

Far from the chaotic poverty of his homeland, the young Mr. Mobutu also found the Alpine nation a pleasant base for his mercantile interests. In May 1995, he registered a trading company named Yoshad in the town of Martigny, according to the commercial registrar's office in the Swiss canton of Valais.

Among its activities, the company listed "show business." But its main purpose, Swiss investigators say, was to channel funds from sale of Zaire's copper, cobalt, gold and diamond resources into family bank deposits. Letters signed by Mobutu Kongolo requested that clients make payments for precious metals and minerals into a numbered Swiss account. As the Mobutu clan began a humiliating journey into exile last week, the new government of Laurent Kabila launched into hot pursuit of the family fortune — once estimated at between $4 billion and $7 billion — accumulated during three decades in power.

To the chagrin of Mr. Kabila's government, however, the Mobutu money trail is proving maddeningly elusive. While the Swiss government says it has impounded all wealth linked to the dictator, Mr. Kabila's envoys say they are getting no help in determining if the funds are still in Switzerland, have been moved, or have been spent.

"Everybody knows that Mobutu kept a lot of his assets here," said Jose Mutombo-Kady, a member of Mr. Kabila's ruling alliance who was sent here to find the money. "So where did they go? And if the money left the country, where are the documents to prove it? We just want clear answers to these questions."

Some critics say the saga of the Mobutu money could erupt into another scandal, damaging Switzerland's reputation as it tries to recover from charges that Swiss bankers and businessmen collaborated with Nazi Germany.

Switzerland has seized the dictator's 30-room villa near Lausanne and has clamped a freeze on all family assets.

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Newsstand Prices

Bahrain	1.000 Din	Malta	55 c.
Cyprus	C. £ 1.00	Nigeria	125.00 Naira
Denmark	14.00 D.Kr.	Oman	1.250 Rials
Finland	12.00 F.M.	Qatar	10.00 Rials
Gibraltar	£ 0.85	Rep. Ireland	IR £ 1.00
Great Britain	£ 0.90	Saudi Arabia	10.00 R
Egypt	EE 5.50	S. Africa	R12 + VAT
Jordan	1.250 JD	U.A.E.	10.00 Dirh
Kenya	K. SH. 160	U.S. Mil. (Eur.)	$ 1.20
Kuwait	700 Fils	Zimbabwe	Zim.$30.00

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Fatih Saribas/Reuters

SECULAR POWER — Prime Minister Necmettin Erkaban and Turkish generals at Ataturk's mausoleum after the military rebuked him Monday and announced a purge of some Islamist officers. Page 8.

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Polish Right Demands Amendments

INTERNATIONAL Page 14.
Taleban Further Imposes Islamic Law

AGENDA

Spaniard Set to Be Bosnia Troubleshooter

PARIS (Reuters) — The United States and France have agreed that Carlos Westendorp, Spain's representative to the United Nations, should be the next international envoy to Bosnia, diplomatic sources said Monday.

Secretary of State Madeleine Albright, after talks with her French counterpart, acknowledged agreement on the issue but refused to identify the individual. But diplomatic sources said, "Westendorp is right." He would replace Carl Bildt of Sweden.

Washington has been pushing for an American, Jacques Klein, the UN administrator in Croatia's disputed eastern Slavonia region, to be the deputy, and officials said a consensus was forming around that appointment.

They said that a second deputy might be named and that a European would fill that role.

The powers involved in Bosnia peace efforts — the United States, France, Germany, Russia and Britain — were expected to announce Mr. Westendorp's appointment Friday.

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INVESTING IN AUSTRIA

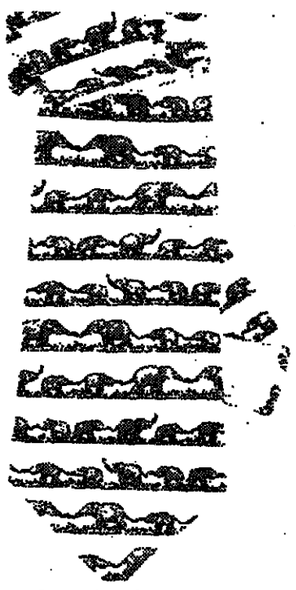
The IHT on-line http://www.iht.com

Jakarta's Car Project Attracts Resentment

As Indonesia approaches parliamentary elections Thursday, its "national" car, the Timor, has become a target of some of the many protests that marked the campaign. The company that imports the cars from South Korea pending completion of a local plant is controlled by President Suharto's youngest son.

Even though the Timor is protected by tariff barriers, sales are well below target levels and unsold models are piling up. Page 17.

The Party's Over For Cutesy Ties



"The whimsical tie has had a good run for your money, but now it is over," writes Suzy Menkes. "Those cute little silk creatures are being killed off or relegated to the top shelves in stores." What's replacing them? Page 15.

The Rebirth of Naples / **Where Culture Is Identity**

Heritage Salvages a City From Decline

By Alan Riding
New York Times Service

NAPLES — Culture is certainly good for tourism, and may also be good for the soul, but rarely has it been used to combat chaotic traffic, street thugs, prostitution, organized crime and even corruption.

Culture, however, was Antonio Bassolino's chosen weapon to clean up Naples when he was elected mayor in December 1993. And, remarkably, the strategy seems to be working.

"When I arrived here, I faced the paradox that for all of Naples's enormous cultural heritage, cultural policy was at the bottom of the ladder of the municipal government's priorities," said Mr. Bassolino, a former Communist Party official. "I made cultural revaluation our top priority."

Neapolitans, long resigned to living in what was arguably Italy's most rundown, dirty and dangerous city, were naturally skeptical. Even after the national government provided $30 million to make downtown Naples look safe and presentable for a Group of Seven summit meeting in July 1994, they stoically awaited a return to "normality." But by then the Communist mayor was convinced that culture was his strongest political card.

The first step involved restoring and reopening scores of neglected churches, museums and palaces in dilapidated districts wisely avoided by most local people and tourists. The eviction of cars, prostitutes and muggers from many historic plazas — not least the area around the Royal Palace, the San Carlo opera house and the Piazza del Plebiscito — in turn liberated downtown for ordinary Neapolitans.

All this might resemble urban renewal were it not also accompanied by a burst of creativity from local artists, writers, musicians, filmmakers and playwrights. They have livened things up for Neapolitans, but they are also being noticed elsewhere in Italy.

Indeed, simply being Neapolitan has suddenly become a passport to artistic success in Rome, Milan, Turin and beyond.

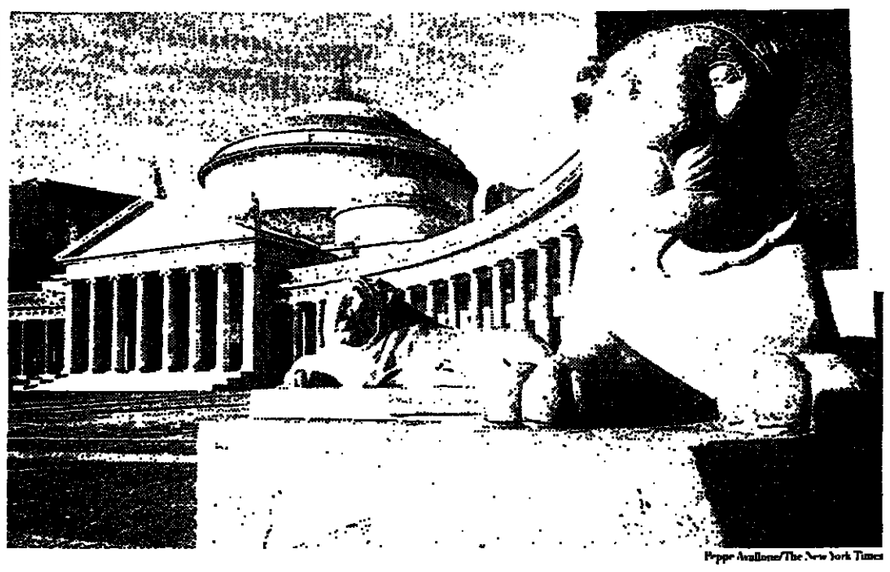
But the most visible result of this minirenaissance was a reawakening of Neapolitan pride in the city, not only in its extraordinary history dating to its founding by Greeks in the seventh century B.C., but also in its independent spirit, idiosyncratic personality and creative talent. And thanks to this new pride, Mr. Bassolino can now count on public support in his fight against the city's deeper ills.

"Through culture, we have rediscovered our identity because culture is identity," the mayor said in an interview in his office overlooking the Piazza Municipio. "We have rediscovered the identity of the old city-state, of the Neapolitan Republic, of the great European city."

His enthusiasm is to be expected, not least because he is up for re-election in December. But it is widely shared here, and not just by those who are benefiting from a revival of the tourist industry. Neapolitans readily recite what still has to be done about unemployment, traffic, drugs, pollution and the mafia. But most are quick to boast that Naples is on a roll.

Not all credit is due to the mayor. The anti-corruption campaign that swept across Italy in 1992 landed a good number of local politicians in jail. A new cultural association, Napoli '99, also started a program called Monumenti Porte Aperte, under which long-closed historic buildings were opened to the public.

Mr. Bassolino and Nicola Spinoza, the director for cultural heritage, adopted and expanded the program. While many major buildings are owned by the Roman Catholic Church and the national government, the mayor provided free security by reassigning 200 municipal workers to guard the sites. Now, about 60 Gothic and Baroque churches — of an estimated total of 200 historic buildings — are open for several hours every day.



Peppe Avallone/The New York Times

Neapolitans were long resigned to living in one of Italy's most rundown, dirty and dangerous cities. But the restoration of scores of neglected churches, museums and plazas, like the Piazza del Plebiscito, liberated locals and tourists.

THE MAJESTIC Capodimonte Museum, which sits on a hill overlooking the city, has also been renovated. "We have reorganized the museum, not chronologically, but by collections," Mr. Spinoza said, referring to the priceless Farnese and Bourbon legacies. In October, a huge exhibition dedicated to the 19th century, "Civilta Dell'Ottocento," will open in the Capodimonte and other museums.

As much as polishing its past, the city has found ways of bringing old and new culture together. In December 1995, a monumental artwork by Mimmo Paladino called "Salt Mountain," a pyramid of salt encrusted with strange equine sculptures, drew vast crowds to the Piazza del Plebiscito. Last December, in the same square, another artist, Jannis Kounellis, created a huge installation consisting of old kitchen tables, armoires and other odd pieces of furniture.

Artistic happenings and open-air rock concerts in other squares have also consolidated the civic "reconquest" of the city. Indeed, creative energy is evident in all forms. The Neapolitan singer Pino Daniele has long been popular throughout Italy, but new rock groups are being born here every month. Interest in traditional Neapolitan music was also increased by the appointment of a respected composer, Roberto De Simone, to head the Naples Music Conservatory last year.

"This is part of rescuing our identity, but I'm not interested in recreating an 'authentic' sound for the sake of nostalgia," Mr. De Simone said. "I want a new image of music in Naples, above all by emphasizing choirs and orchestras. This collective approach is important. A society without a communal life is condemned to die."

The city's strongest postwar theater personality was the actor and playwright Eduardo De Filippo, whose tragicomedies are still regularly presented. In the early 1980s, though, a performance art troupe called Falso Movimento was founded by a group of young Neapolitans, headed by Mario Martone, and immediately brought a new experimental approach to theater. Later, Mr. Martone joined forces with the actor-directors Enzo Moscato and Tony Servillo to create Teatri Uniti.

Members of the Teatri Uniti now perform regularly at the Teatro Mercadante, a city-owned theater on the Piazza Municipio that reopened in 1995 for its first full season in more than 30 years. In the works is a plan to create a permanent company at the Mercadante modeled after Giorgio Strehler's legendary Teatro Piccolo in Milan.

Whether Neapolitans living in depressed suburbs feel part of this revival is perhaps doubtful, yet they cannot escape noticing that something is changing.

"Bassolino is criticized for doing a lot for culture and not enough for unemployment," said Francesca Del Vecchio, an art historian. "But give him time. Four years ago, we couldn't sit in an outdoor café because of the traffic and the crime. Now it's like a Mediterranean city again."

Moderate's Triumph In Iran May Press U.S.

Will Washington Have to Change Tack?

By Steven Erlanger
New York Times Service

WASHINGTON — The election of a relatively moderate cleric as Iran's president will put pressure on the United States from its European allies to explore policy changes toward Tehran, senior American officials and scholars of Iran say.

But with a strong possibility that Iran was involved in the bombing in Saudi Arabia that killed 19 Americans last year, the White House will have to move slowly, the officials said, and it will be up to Iran to show signs of change first.

While the landslide for Mohammed Khatami stunned officials in Washington, where Iran is viewed as a "rogue nation" for its alleged aid to terrorist groups, they cautioned that Tehran's more conservative Islamic leaders could move to frustrate and undermine Mr. Khatami rather than accept the rebuke from the electorate.

Some American officials called the vote a signal of popular discontent with the restrictions of the 18-year-old Islamic revolution.

Even Mr. Khatami "has emerged in the public eye as a candidate of real change in a way he probably did not intend," said Shaul Bakhash, an Iranian historian at George Mason University in Virginia.

Mr. Khatami will probably act with care not to offend the conservative leaders who dominate Parliament and the senior clergy who clearly backed his main opponent, the speaker of Parliament, Ali Akbar Nateq-Nouri, Mr. Bakhash said.

Iran's foreign policy is expected to remain firmly in the hands of the country's "supreme leader," Ayatollah Sayed Ali Khamenei, who remains hostile to the United States.

Much about Mr. Khatami's views remains unclear, the officials and analysts said. His election comments on foreign policy were limited to a desire to "ease tensions" with other countries, said Stephen Fairbanks, an expert on Iran at the Woodrow Wilson International Center for Scholars, in Washington.

Some officials acknowledged that with Mr. Khatami taking over as president in August, it will be harder to argue that Iran is a dictatorship with no competing voices and no real evidence of pluralism.

"The jury is out on what this will mean," said Nicholas Burns, spokesman for the State Department. "We've got no argument with the people of Iran. But we have to see that the government of Iran changes its actions."

He said the United States was open to a dialogue with Iranian leaders, so long as it included a discussion of issues of concern to Washington. Another official said such concerns include Iran's work to develop nuclear and chemical weapons, its support for terrorists and what the official called Iran's "rabid opposition to the Mideast peace process and anyone who supports it."

"If these things don't change," Mr. Burns said, "it won't be possible to have better relations with Iran."

Washington will be listening carefully, another official said, suggesting that a first indication of change might come in Tehran's statements about the peace effort in the Middle East.

"And then if we see real change in their support for terrorism," the official said, "then one could say, 'Hey, this is really interesting.' But the ball is in Tehran's court."

Mr. Bakhash said the vote was a blow to Ayatollah Khamenei's conservative policies, adding: "But what conclusions does he draw? Will he hunker down and frustrate the movement for change, or embrace it carefully?"

Mr. Fairbanks said that changes made in March to a high-level council to settle disputes between the government and leading clergy may favor a more moderate line. The departing president, Hashemi Rafsanjani, known as a pragmatist and thought to be a supporter of Mr. Khatami, will run the council for five years.

The council was expanded by Ayatollah Khamenei to include government and faction leaders, outsiders and technocrats like the chairman of the central bank and the finance minister. Its role was also expanded, to act as an advisory council to Ayatollah Khamenei on important issues, Mr. Fairbanks said, and it is possible that Mr. Rafsanjani, as its leader, will have more power than Mr. Khatami.

"This election marks an important change, even if the foreign policy side moves much more slowly, and should dispel some stereotypes about the regime," Mr. Fairbanks said.

Troops Detain Sierra Leone Ex-Ministers

Reuters

FREETOWN, Sierra Leone — Troops in Sierra Leone's capital searched houses to look for ministers of the former civilian government Monday, a day after a military council seized power in the West African state.

Military sources said five former ministers were detained at the military headquarters.

South Africa joined the United Nations and the Organization of African Unity in condemning the coup, which was carried out after little more than a year of civilian rule.

The coup leaders announced Sunday the formation of an Armed Forces Revolutionary Council, led by Major Johnny Paul Koromah. They said they wanted to bring rebels of the Revolutionary United Front into the government to consolidate an elusive peace in the civil war.

The staff at Freetown's main hospital said at least 15 people were killed in the fighting Sunday. Two of the dead were Lebanese citizens, according to Lebanon's foreign minister, Faris Bouez.

The hospital sources said two Nigerian soldiers from the West African peacekeeping force known as Ecomog, had been killed in the fighting, but Ecomog's field commander, General Victor Malu, said in Lagos that there had been no Nigerian casualties.

A spokesman for the revolutionary council, Captain Paul Thomas, urged residents to return to work, but shops and markets remained closed.

Major Koromah said he overthrew President Ahmad Tejan Kabbah because his government, elected last year after four years of military rule, had failed to consolidate peace and the political situation had encouraged tribal conflict.

Algerian Forces Said to Kill 40 In a Big Sweep Against Rebels

Agence France-Presse

ALGIERS — Algerian security forces have killed 40 suspected Islamic extremists in a four-day offensive southwest of Algiers, according to press reports Monday.

The El Watan and El Khabar dailies said the sweep in Ouarsenis, about 250 kilometers (150 miles) from Algiers, was one of the largest since the civil war began in the country in 1992.

It was focused on a zone that includes the headquarters of Ahmed Benaicha, who is considered to be second in command of the Islamic Salvation Army, the armed wing of the banned Islamic Salvation Front. About 200 of his men are in the region, and a price of 4.5 million dinars ($90,000) has been put on his head, according to posters put up in recent days.

The newspapers said army and police forces, backed up by local self-defense units, were progressing slowly because of the difficult terrain, despite the use of helicopters.

The operation, which El Khabar said was begun on the basis of information from two informants, has not been officially confirmed.

Legislative elections are to be held on June 5. Islamic groups have been accused of a series of car bombs and massacres since the election campaign opened May 15. More than 100 people have been killed.

The government has pledged to ensure the elections take place in security, and have announced a series of sweeps across the country.

Western estimates are that more than 60,000 people have been killed in the Algerian conflict since 1992, when the government canceled a runoff election that the Islamic Salvation Front was poised to win.

TRAVEL UPDATE

Hong Kong Bans Garuda Flights

HONG KONG (AFP) — Authorities on Monday banned Garuda airline flights using the Airbus A330, following up a decision by local airlines to ground the planes, which have suffered mechanical problems.

Garuda, Indonesia's national airline, unlike its Hong Kong counterparts Cathay Pacific and Dragonair, is continuing to fly its A330s powered by Rolls Royce Trent 700 engines.

It says the engines are slightly different in design from the Cathay Pacific and Dragonair planes and adds that Rolls-Royce has made no recommendation to ground the jets. Some of the Trent engines have failed on recent flights.

Louvre Reopens After 5 Days

PARIS (AP) — The Louvre opened its doors for the first time in five days Monday, after striking night watchmen agreed to end their blockade of entrances to France's largest museum, a spokesman for the museum said.

Tourists had been shut out since Thursday from seeing the Mona Lisa and the thousands of other artworks and antiquities at the Louvre, which usually attracts 20,000 visitors a day at this time of year.

Plane passengers in Rome face disruptions Wednesday because of a daylong strike announced by air traffic controllers seeking a new contract. But Alitalia, the national airline, said many international and main domestic flights would be guaranteed. *(AP)*

Hong Kong has agreed with the Philippines to maintain air links beyond Hong Kong's July 1 return to Chinese sovereignty, assuring uninterrupted service on one of the British colony's busiest flight routes. Sixty-seven weekly flights link Hong Kong and the Philippines. They carried 1.7 million passengers in 1996, many of them tourists and Filipino migrant workers. *(AP)*

Striking public transport workers in Brussels paralyzed the bus and subway network Monday, bringing traffic chaos to the Belgian capital. The strike was called without warning, leaving lines of commuters stranded. Union officials were meeting Monday afternoon to decide how long to prolong the stoppage, which was called to protest management positions in negotiations to amend salary levels. *(AP)*

Storms in Philippines Kill 19; Domestic Flights Canceled

The Associated Press

MANILA — Pounding rains and strong winds toppled power lines and flooded the capital, killing at least 19 people and forcing government offices and schools to shut Monday.

Most domestic flights were canceled after flooding from three days of heavy rain submerged a generator and wiped out electricity at the main terminal of Manila's airport.

Some residential areas also were without power.

Correction

A headline in Monday's editions incorrectly attributed remarks about Iran's yearning for change. They were made by the Iranian president, Hashemi Rafsanjani.

WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.

Jetstream · Unseasonably Cold · Unseasonably Mild · Heavy Rain · Heavy Snow

North America
New England and the Northeast will be pleasant with sunshine Wednesday through Friday. Except for thunderstorms in Florida, the Southeast will be dry with some sunshine. Showers and thunderstorms will move from Missouri into the Great Lakes, but the Southwest will be dry and hot.

Europe
Pleasant weather with lots of sunshine across England and France through Friday. Continued cool across eastern Europe, with scattered showers from Poland to Austria. Soaking rains are likely across the Balkans and in northern Spain. Italy, Greece and most of Spain will be warm and dry.

Asia
Hot and dry in India, but southeast Asia will be steamy with scattered thundershowers. Tokyo will be dry and pleasant Wednesday through Friday, but showers and some heavier downpours are likely from near Beijing on east to North Korea and Manchuria. Sunny and hot in northwestern China.

Europe

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Algarve	22/71	14/57 pc	22/71	15/59 pc
Amsterdam	14/57	3/37 s	15/59	8/43 pc
Ankara	29/84	9/41 sh	18/64	6/43 pc
Athens	26/79	18/61 s	24/75	17/62 s
Barcelona	26/79	16/64 s	27/80	18/61 s
Belgrade	22/71	10/50 pc	18/64	6/43 r
Berlin	14/57	8/46 r	14/57	4/39 sh
Brussels	17/62	3/37 s	15/59	7/44 pc
Budapest	18/64	7/44 c	18/64	7/44 pc
Copenhagen	11/52	4/39 r	15/59	4/39 pc
Costa Del Sol	26/79	14/57 pc	28/79	16/61 pc
Dublin	19/66	9/48 pc	17/62	11/52 s
Edinburgh	16/61	8/43 s	18/61	8/46 pc
Florence	28/82	14/57 s	25/77	8/46 s
Frankfurt	14/57	8/46 r	13/55	4/39 r
Geneva	25/77	8/46 s	19/66	5/41 s
Helsinki	13/55	2/35 pc	14/57	3/37 pc
Istanbul	18/64	8/46 sh	21/70	14/57 s
Kiev	14/57	6/43 c	17/62	6/43 c
Las Palmas	24/75	18/64 s	23/73	17/62 pc
Lisbon	20/68	14/57 sh	21/70	15/59 c
London	20/68	8/43 s	17/62	8/46 s
Madrid	28/79	11/52 pc	27/80	12/53 c
Mallorca	24/75	18/64 s	26/79	18/64 s
Milan	28/82	13/55 s	24/75	11/52 s
Moscow	12/53	2/35 pc	14/57	3/37 pc
Munich	18/64	3/37 pc	13/55	1/34 sh
Nice	27/80	18/64 s	24/75	14/57 pc
Oslo	14/57	6/43 r	14/57	4/39 pc
Paris	21/70	6/43 s	17/62	8/46 s
Prague	18/61	2/35 c	12/53	4/39 sh
Reykjavik	13/55	6/43 sh	9/48	5/41 r
Riga	13/55	6/43 r	15/59	3/37 c
Rome	28/79	14/57 s	25/77	12/53 pc
St. Petersburg	13/53	4/39 c	13/55	5/41 sh
Stockholm	10/50	1/34 pc	12/53	1/34 pc
Strasbourg	21/70	4/39 s	15/61	4/39 pc
Tallinn	13/55	2/35 pc	15/59	4/39 pc
Tbilisi	24/75	14/57 r	27/80	13/55 c
Venice	24/75	13/55 pc	21/70	7/44 s
Vienna	18/64	6/43 pc	14/57	6/43 sh
Warsaw	13/55	7/44 r	17/62	5/41 c
Zurich	20/68	8/43 s	14/57	3/37 pc

Middle East

Abu Dhabi	38/100	21/70 s	38/100	22/71 s
Beirut	24/75	16/61 s	24/75	17/62 s
Cairo	34/93	15/59 s	35/95	17/62 s
Damascus	31/88	12/53 s	32/89	12/53 s
Jerusalem	27/80	11/52 s	28/82	12/53 s
Luxor	40/104	19/66 s	44/111	20/68 s
Riyadh	41/106	24/75 s	41/106	26/78 s

North America

	Today High C/F	Today Low/W C/F	Tomorrow High C/F	Tomorrow Low/W C/F
Anchorage	18/64	7/44 s	17/62	8/46 pc
Atlanta	27/80	18/64 t	24/75	19/61 pc
Boston	15/59	8/46 s	19/66	11/52 s
Chicago	18/64	6/48 pc	22/71	11/52 pc
Dallas	32/89	18/64 t	29/84	18/64 pc
Denver	14/57	7/44 sh	20/68	8/46 pc
Detroit	20/68	7/44 s	22/71	11/52 pc
Honolulu	29/84	22/71 pc	32/89	23/73 pc
Houston	33/91	19/66 pc	31/88	20/68 pc
Los Angeles	29/84	17/62 s	31/88	19/61 pc
Miami	32/89	24/75 pc	31/88	23/73 pc
Minneapolis	18/64	7/44 s	22/71	11/52 pc
Montreal	14/57	7/44 pc	18/61	10/50 pc
Nassau	31/88	22/71 pc	30/86	22/71 pc
New York	20/68	11/52 s	22/71	13/55 s
Orlando	31/88	21/70 pc	31/88	19/66 pc
Phoenix	37/98	23/71 s	37/98	23/73 s
San Fran.	24/75	15/59 pc	28/79	14/57 pc
Seattle	20/68	12/53 c	23/73	13/55 pc
Toronto	14/57	4/39 s	18/64	9/48 pc
Vancouver	18/64	12/53 sh	23/73	13/55 pc
Washington	21/70	10/50 s	22/71	12/53 pc

Asia

	Today High C/F	Today Low/W C/F	Tomorrow High C/F	Tomorrow Low/W C/F
Almaty	32/89	16/61 pc	33/91	18/64 pc
Bali	33/91	21/70 s	33/91	21/70 s
Bangkok	32/89	24/75 sh	32/89	24/75 t
Beijing	23/73	11/52 r	23/73	13/55 s
Bombay	32/89	24/75 s	31/88	23/73 s
Calcutta	39/102	28/82 s	40/104	28/82 s
Chiang Mai	33/91	22/71 sh	33/91	22/71 c
Colombo	28/82	23/73 sh	29/84	24/75 pc
Hanoi	29/84	23/73 s	29/84	25/77 pc
Ho Chi Minh	32/89	24/75 r	32/89	24/75 sh
Hong Kong	28/82	22/71 s	27/80	23/73 pc
Islamabad	43/109	22/71 s	43/109	25/73 s
Jakarta	31/88	23/73 pc	31/88	23/73 pc
Karachi	38/100	26/79 s	37/98	26/79 s
K. Lumpur	33/91	22/71 pc	31/88	22/71 pc
K. Kinabalu	32/89	21/70 pc	31/88	19/66 pc
Manila	32/89	24/75 r	32/89	24/75 pc
New Delhi	44/111	27/80 s	44/111	28/82 s
Phnom Penh	32/89	22/71 c	31/88	23/73 r
Phuket	32/89	24/75 sh	32/89	24/75 c
Rangoon	32/89	23/73 sh	32/89	24/75 c
Seoul	22/71	10/50 pc	22/71	14/57 c
Shanghai	26/82	17/62 pc	24/75	21/70 c
Singapore	32/89	21/70 pc	31/88	21/70 pc
Taipei	28/82	22/71 pc	29/84	23/73 r
Tokyo	19/66	12/53 pc	18/64	16/61 pc
Vientiane	29/84	24/75 s	28/82	24/75 pc

Africa

Algiers	33/91	17/62 s	28/82	19/61 s
Cape Town	10/50	2/35 r	11/52	3/37 pc
Casablanca	22/71	14/57 s	22/71	15/61 pc
Harare	33/93	12/53 s	31/88	12/53 s
Lagos	30/86	23/73 pc	30/86	23/73 pc
Nairobi	27/80	12/53 pc	26/79	12/53 pc
Tunis	29/84	15/61 s	31/88	18/64 s

Latin America

Buenos Aires	15/59	8/43 c	14/57	7/44 pc
Caracas	30/86	24/75 c	31/88	25/77 pc
Lima	23/73	17/62 pc	22/71	17/62 pc
Mexico City	27/80	12/53 sh	25/77	12/53 pc
Rio de Janeiro	21/70	16/61 pc	22/71	17/62 c
Santiago	16/61	7/44 c	17/62	5/41 c

Oceania

Auckland	17/62	10/50 pc	15/59	9/48 pc
Sydney	20/68	14/57 pc	19/66	16/61 sh

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, Hcs, W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1997

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THE AMERICAS

Evenings at the Prison: Texas Executioners Set a Rapid Pace

By Sam Howe Verhovek
New York Times Service

HUNTSVILLE, Texas — When the time came for Texas to kill Richard Gerry Drinkard, he was strapped to a gurney and wheeled into the execution chamber. The prison chaplain, Jim Brazzil, rested a hand on the condemned man's knee. He kept it there as Mr. Drinkard was asked for any last word.

"No, sir," came the response, and the man convicted of killing two women and a man with a claw hammer was promptly put to death.

Besides that Monday evening, the minister also spent last Tuesday, Wednesday and Thursday evenings beside a man on a gurney in the chamber.

With Texas in the midst of a spate of executions whose pace has no parallel in the modern era of the death penalty, Mr. Brazzil said last week that he found the best way to minister to a man facing lethal injection was to view execution as he would any other calamity.

"It's like I'm seeing a man dying of cancer or a heart attack, or maybe I've come upon an accident in the road and I know this man is going to die," Mr. Brazzil said. "I'm not interested in his past. I'm interested in what's in his heart at the moment of his death."

If the executions of convicted murderers go as scheduled, Texas will have executed eight men in May, a record monthly high for any state since the U.S. Supreme Court reinstated the death penalty in 1976. This record will probably not last long: Texas has scheduled 11 executions for June.

Since 1920 the most people that any state has put to death in a month was 10, in North Carolina in October 1947, according to the Capital Punishment Research Project in Headland, Alabama.

By sometime in June, Texas will have shattered the yearly high of 19 executions by a state since the death penalty was reinstated. Texas also set that record, in 1995, and it has accounted for nearly a third of all executions in the United States since 1976.

But if all those statistics are newsworthy, they also suggest something mundane. In Texas the death penalty is becoming a matter of routine.

So routine that even the dwindling number of death-penalty opponents who come for vigils at the prison occasionally lose count. When Bruce Edwin Callins was put to death Wednesday, and the protesters said the Lord's Prayer, a woman announced that he was the 120th man executed here since 1982. Actually he was the 121st.

So routine that people who live and work near the prison take little notice. A block away, at the Dairy Queen on 11th Street, Marc Strickland, 18, who works at a nearby body shop, was eating a Heath Crunch Blizzard at the moment Mr. Callins was executed.

"It just doesn't bother me," he said, gesturing out the window with his plastic spoon at the huge red-brick Huntsville Unit prison, which everyone here calls The Walls. "A guy kills somebody, he pays with his life. That's it."

Even the time for executions in Texas has been reset to fit workaday schedules. They used to take place in the hours after midnight, when the authorities believed there would be less chance for the spectacles of screaming pro- and anti-death-penalty forces massed outside the prison. Now such commotion is rare. And under a 1995 act of the legislature intended to "make it easier on everyone involved," in the words of a state prison official, executions are carried out in the early evening.

Why Texas executes so many more people than other states is a matter of debate; one provocative thesis suggests that the state's heritage of frontier justice has mixed with modern urban problems to make Texans more culturally suited to demanding the death penalty.

On the other hand, while polls 20 years ago showed that Texans supported executions at rates much higher than Americans at large, the support today for the death penalty nationally mirrors that in Texas. So it may be that other states just need time to catch up.

One major reason for the increase in Texas is that convicts have exhausted all their challenges to a two-year-old state law intended to limit the appeals process and cut the average stay on death row from nine years to half that or less.

As the legal environment has changed, so has the mood on death row. "Everybody is talking about it," said Earl Russell Behringer, 33, convicted of repeatedly shooting a couple on a lover's lane near Fort Worth more than 10 years ago. "It's becoming inevitable. The public and the media and the politicians are all saying, speed up the appeals, get these guys executed. So I would say, yes, chances are good that I will be executed." Mr. Behringer is scheduled to be put to death June 11.

Several states, including New York, have reimposed the death penalty but have yet to execute anybody. In California, where 476 people are on death row, executions are major news: Only four people have been executed there since the death penalty was reinstated.

POLITICAL NOTES

States Look to Insure Children of the Poor

NEW YORK — While Congress looks for ways to provide health insurance for children of the working poor, more than one-third of the states are exploring proposals with the same goal.

Many states already have modest programs to insure children whose parents earn too much to qualify for Medicaid, and a handful, such as Massachusetts and Minnesota, have started comprehensive programs for uninsured children. The new state proposals would expand coverage to as many as 800,000 additional children, according to the National Governors' Association.

At least three states, including New York, are considering plans to cover children in families that earn more than the ceiling income for Medicaid, and Arkansas and Virginia adopted such measures in March. At least 12 other states are weighing programs with a lower income threshold.

Although most states have been cutting welfare costs, these proposals have drawn broad support as lawmakers grapple with twin issues: the scarcity of health benefits for families in low-paying jobs, and changes in welfare laws that may compound the problem.

These programs are popular because they deal exclusively with children and because they are relatively inexpensive. In Arkansas, when Governor Mike Huckabee, a Republican, signed legislation in March to extend Medicaid to 80,000 more children, he said, "There's not a single piece of legislation that I am more proud to be a part of signing." *(NYT)*

Clinton vs. Court

WASHINGTON — Three cases before the Supreme Court, including one to be argued this week, could have a major impact on President Bill Clinton's work and personal life.

The justices will hear arguments Tuesday on whether to uphold a federal law that would make Mr. Clinton the first president empowered to reject specific items from spending bills, the so-called line-item veto.

The court also may decide soon whether to allow Paula Jones to proceed immediately with her sexual-harassment lawsuit against Mr. Clinton.

In addition, the White House is asking the justices to reverse a lower court's order giving Whitewater investigators access to government lawyers' notes from conversations with Hillary Rodham Clinton.

The cases are "immensely significant, both personally and otherwise," Herman Schwartz, an American University law professor, said.

"Each one raises fundamental questions about the power and role of the presidency," he said. *(AP)*

Selling Bugs Bunny

WASHINGTON — With the help of a "wascally wabbit," the U.S. Postal Service is getting back into the T-shirt, coffee mug and key-chain business.

Six years after it pulled the plug on sales of such merchandise in its 40,000 post offices, the agency is launching a sales blitz built around 31 souvenir items celebrating a Bugs Bunny stamp that went on sale last week.

T-shirts, baseball caps, ties, wrapping paper and even pewter-framed photo holders featuring reproductions of the cartoon character's 32-cent stamp will soon be available from clerks who sell stamps.

"We've got all this wonderful stamp art, and it seems a shame not to use it," Barry Ziehl, a spokesman for the Postal Service, said. Postal officials said the new retail program should produce $75 million in sales this year, money that can be used to keep stamp prices down.

The new retail-sales effort, however, has already generated criticism, fueling debate over how involved the Postal Service should get in money-generating activities. *(WP)*

Quote/Unquote

Cindy Pearson, executive director of the National Women's Health Network, a 20-year-old advocacy group, on the newfound interest of Congress in women's health issues: "I think it is a double-edged sword. For so many years, all the proscribing that came out of Congress was punishment for sexual activity. But in the past few years, the strength of the women's movement has made them occasionally choose to make medical decisions through legislation that they think are helpful to women, which are often arguable." *(NYT)*

Skydiver Leaps, Saving Her Life, As Crash Kills 6

The Associated Press

MIAMI — Clinging to a wing and waiting to be told to jump, a skydiving student watched in horror as the pilot struggled with the controls and the little plane began to stall.

With 22 jumps under her belt, the student, Carol O'Connell, was left with two choices: Leap from the out-of-control and possibly overloaded plane or hang on and hope the pilot would recover.

She jumped when the plane was at an altitude of about 2,000 feet. As she parachuted slowly to the ground, she could see the Cessna 210 with six colleagues inside as it corkscrewed into a field of sweet potatoes and burst into flames Sunday afternoon. Everyone aboard was killed.

"I'm very grateful to be alive," she said in an interview with the Sun-Sentinel of Fort Lauderdale. "I can't explain why I'm still alive while these other people have left behind many loved ones."

Investigators were looking into whether the single-engine plane, designed to carry six persons, had been carrying too much weight.

A videotape filmed by a witness indicated the plane was not going fast enough after making a turn.

Rich Clement/Reuters

NO STRADDLING OF THE ISSUE — A biker being greeted as the 10th annual Rolling Thunder ride to call attention to MIAs and POWs entered Washington.

Away From Politics

- An air force sergeant convicted of rape and 14 related charges involving three women was sentenced to 30 years in prison. At his sentencing at Fairchild Air Force Base in Washington state, Master Sergeant Napoleon-Bailey also received a dishonorable discharge. *(AP)*
- Concerned by a jump in cases of Lyme disease and the discovery last year of deer ticks infected with the disease in Van Cortlandt Park in the Bronx, New York City will begin scouring more parks for deer ticks, health officials said. *(NYT)*
- A 25-year-old engineering student from Virginia who came to New York City to be a bridesmaid at a sorority sister's wedding was struck and killed by a hit-and-run driver in Greenwich Village, the police said. *(NYT)*

5,000 May Lose Citizenship

U.S. Drive to Naturalize Immigrants Was Overzealous

By Eric Schmitt
New York Times Service

WASHINGTON — The Clinton administration will seek to strip the citizenship of nearly 5,000 immigrants who were wrongly naturalized during an immigration drive last year, according to federal officials.

Revoking that many citizenships at any given time is without precedent for the Immigration and Naturalization Service, and it poses enormous legal and logistical challenges for the government. Until now, the agency has never dealt with more than about two dozen revocations a year.

Beginning last fall, Republicans accused the administration of mounting an election-year campaign to streamline citizenship procedures to allow more than 180,000 immigrants to become citizens before the November elections without having their criminal records fully checked.

As a result of these criticisms, the INS undertook a review of the nearly 1.1 million people who were granted citizenship between September 1995 and September 1996 to determine how many were wrongfully naturalized.

An audit whose findings were released to Congress on Friday found that 16,400 of the new citizens had a record of at least one felony arrest. Arrest or conviction, by itself, is not grounds for revoking someone's citizenship. But the audit, which is nearly complete, also found 4,946 cases in which a criminal arrest should have disqualified an applicant or in which an applicant lied about his or her criminal history.

"We believe that we are on firm ground in proceeding on administrative revocations where somebody has factually made a misrepresentation on a felony arrest," Assistant Attorney General Stephen Colgate said.

The findings mark the latest blow to the immigration agency and its Citizenship USA program. The program was started in late 1995 to address a mounting backlog of citizenship applications, but Republicans contend that it has been hijacked by White House political operatives along the way for electioneering purposes.

Doris Meissner, the commissioner of immigration and naturalization, issued a set of sweeping safeguards to prevent immigrants with criminal records from becoming citizens. But an independent review concluded in April that many of the agency's own employees had ignored the directives.

Representative Lamar Smith, Republican of Texas, who has been the administration's most severe critic on the citizenship issue, praised the immigration service for "making good progress" in tracking down the scofflaws.

SOUREN MELIKIAN
Arts Editor

ART

A Flaming Case of Kitsch
Rembrandt's Altered States
The Great Auction War
Sleuths Among the Stalls

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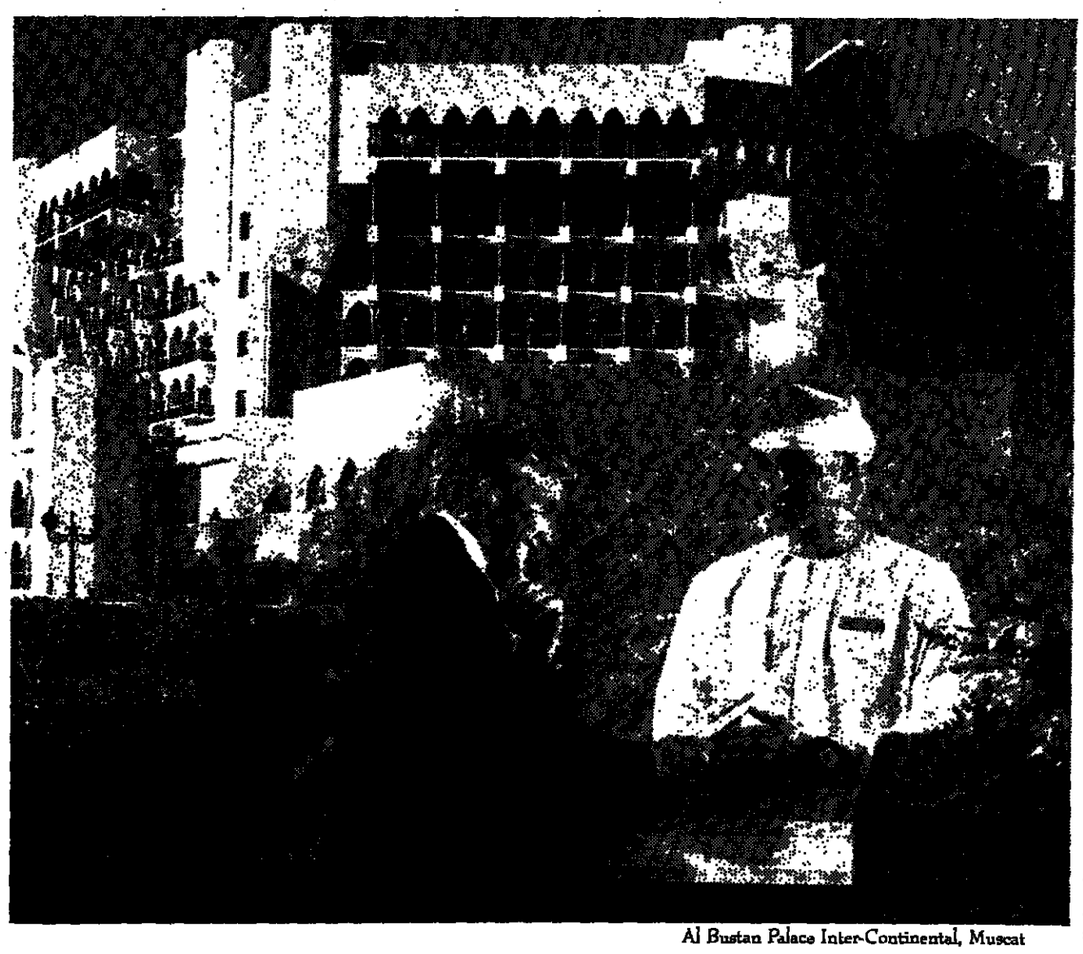

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VICTORIA FALLS

*FORUM HOTEL

ASIA/PACIFIC

Elections in Indonesia: 'A Time of Crucial Transition'

Juwono Sudarsono, vice governor of the National Resilience Institute in Jakarta, an arm of the Indonesian Department of Defense and Security responsible for training senior military and civilian officials, discussed Indonesia's legislative election with Michael Richardson of the International Herald Tribune. The election will take place Thursday.

Q & A / Juwono Sudarsono, Political Analyst

Q: Why has there been much more violence and anti-government dissent in this campaign than in previous campaigns?

A: This is a time of crucial transition for Indonesia. A large number of lower- and middle-class Indonesians have been empowered by the development process that has taken place over the past 25 years. They have come to the fore and tried to assert themselves and play a much more forceful role in the political life of the country.

Indonesia has a gross domestic product per capita of $1,300. It was $70 just 30 years ago. This is a massive change in one generation.

Of course, not everyone has succeeded. There are still about 86 million young Indonesians between the ages of 15 and 29 who are trying to exert their influence in the political life of the nation. They are the people the government helped through presidential directives on cooperatives, agricultural extension, health and especially primary education. Now they are beginning to bite the hand that fed them.

•

Q: Why are they turning against the government of President Suharto?

A: Partly because being in power for 30 years has made it more difficult for the president and the ruling Golkar party to sustain the level of legitimacy that they previously could secure.

Indonesia has been one of the more successful Third World development stories. But there's a general feeling that those who made it have gone up much faster than those who were left behind.

•

Q: Isn't democratic reform lagging far behind the pace of economic and social change in Indonesia?

A: Indonesia is debating the pace and scope of political change. But if the president wants to go at 35 miles per hour, these young kids want to go at 100 miles per hour. I would settle for 50 miles per hour. There's a generational gap in perceptions about how far and fast the change should go.

Seventy million Indonesians, more than one-third of the country's population, now live in urban areas. Sixty-five percent of them are under 30.

•

Q: How do you think President Suharto and the government will react to the campaign violence? Will they crack down or widen opportunities for political participation?

A: In 1992, the president made statements encouraging political openness. But he became disconcerted by the level of rhetoric that heightened expectations in a way he felt was dangerous.

He said recently that the parties themselves should evaluate the effects of the violence in the campaign. I think he believes that the parties should really get to grips with organizing politics because the campaign appeared to sanction the use of violent political rhetoric and action.

Indonesians love spontaneous movements. But it's time to get a grip on the nitty-gritty of politics.

•

Q: How can that happen when the rules of the game at present say that when campaigning, one cannot even criticize the government's development policies?

A: The rules were agreed upon by the three contesting parties because they realized that heightened and radical rhetoric would tend to get out of hand. That's just what happened.

•

Q: What do you expect the election result to be?

A: I think the Golkar will retain its majority. Perhaps it can achieve its aim of winning 70 percent of the vote. But the more important problem is the acceptance of the legitimacy and fairness of the election.

Indonesia Vote Won't Be Fair, Monitor Says

Compiled by Our Staff From Dispatches

JAKARTA — An independent monitoring group in Indonesia asserted Monday that the national elections this week would not be fair because they favored the governing Golkar party.

Asked at a news conference whether the election process was free and fair, Mulyana Kusumah, secretary-general of the Indonesian Election Monitoring Committee, replied: "No."

About 125 million Indonesians are eligible to vote Thursday for 425 seats in the House of Representatives. An additional 75 seats are reserved for the politically influential military.

The 27-day campaign that ended Friday was marked by rioting and arson, despite stringent regulations that limited public campaigning.

The monitoring group was formed in March 1996 by 50 activists but has never been recognized by the government, which has limited its activities and will not allow its members to be present at polling stations on election day.

The committee said in a statement that it had recorded a number of violations during the campaign.

It did not give details except to say that state television had provided Golkar with substantially more broadcast time than the other two parties permitted to contest the elections, the Muslim-oriented United Development Party and the Christian-Nationalist Indonesian Democratic Party.

The monitoring group called on the People's Consultative Assembly, the country's highest constitutional body, to guarantee a democratic poll.

The assembly, which comprises the 500 members of Parliament and 500 delegates selected by the government, will meet in March to elect the president and vice president and to approve government policy. *(Reuters, AFP)*

Australia Apologizes for Aborigine Policy

Reuters

MELBOURNE — Prime Minister John Howard of Australia made a personal apology Monday to tens of thousands of Aborigines who were taken from their parents under a former policy of forced assimilation.

Mr. Howard's apology came hours before his government released a human rights report that said the forced assimilation amounted to genocide.

But the prime minister fell short of offering an official apology as called for by the Human Rights Commission in its report, titled the "Stolen Generation," about Aborigines taken from their parents between the 1880s and the 1960s.

"Personally, I feel deep sorrow for those of my fellow Australians who suffered injustices under the practices of past generations toward indigenous people," Mr. Howard said at a conference in Melbourne on Aboriginal reconciliation.

"I am sorry for the hurt, the trauma, many here today may continue to feel as a consequence of those practices," he told the mainly Aboriginal audience of 1,500 delegates.

He won applause for his apology, but drew jeers when he said Australian history since white settlement in 1788 was not a history of "imperialism and exploitation and racism."

Hundreds of delegates stood and turned their back on Mr. Howard as he continued his speech, which stressed that better Aboriginal living standards, not "gestures," were the key to reconciliation.

"The Australian practice of indigenous child removal involved both systematic racial discrimination and genocide as defined by the international law," the report said. "Yet it continued to be practiced as official policy long after being clearly prohibited by treaties to which Australia had voluntarily subscribed."

The rights commission said that genocide did not necessarily mean the immediate physical destruction of a group or nation and that the forced removal of Aboriginal children was genocidal regardless of the good intentions of welfare groups at the time.

Simon O'Dwyer/Reuters

Prime Minister Howard taking a drink from dancers at the conference.

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Flare-Up in East China Sea

Japan Blocks Protesters From Disputed Islands

The Associated Press

TOKYO — Dozens of boats carrying protesters from Hong Kong and Taiwan retreated from a region of the East China Sea on Monday after Japanese Coast Guard ships bumped some of them to block them from landing on disputed islands.

Spokesmen for the protesters said the Japanese rammed and damaged two of their boats, while Japanese officials mentioned only "contact." Television footage showed Japanese ships repeatedly blocking and nudging protest boats off course, but no damage could be seen.

The Taiwanese Foreign Ministry said it had formally protested Japan's "invasion of our sovereignty and unfriendly behavior," and affirmed the "patriotic feelings" of the protesters.

A ministry spokesman said: "Whatever actions Japan takes cannot change our stance of sovereignty over the Diaoyus," the name of the disputed islands in Chinese. "We won't give up an inch of territory."

Taiwan, China and Japan all claim the East China Sea islands, which lie between Taiwan and the Okinawa islands of Japan amid rich fishing grounds and possible oil and gas deposits. The protesters from Hong Kong, which returns to Chinese rule July 1, were stressing China's claim to the area.

The dispute dates to at least the 1970s, when the United States' post-World War II administration over Okinawa and the Diaoyus ended and Washington returned the islands to Japanese control.

Media in Japan reported that about 60 Japanese vessels were in position to block 28 protest boats approaching the islands, which are called the Senkakus in Japanese.

A spokesman in Hong Kong for the territory's protesters said the Japanese ships charged into a boat carrying journalists from six news organizations. He said the boat lost engine power and had a hole torn in its hull.

A spokesman for the Japanese Foreign Ministry said two people from one of the protest boats apparently jumped overboard, were picked up by the coast guard, briefly detained "on suspicion of entering Japan illegally," then returned to a protest boat.

Officials in Hong Kong confirmed that the two were on a Taiwanese vessel heading to Taiwan, and that they were believed unharmed.

The chief spokesman for the Japanese government, Seiroku Kajiyama, said Monday that Tokyo would "resolutely keep out" protesters trying to land on the islands.

Organizers of the protest had announced that about 90 people from Taiwan and 30 more from Hong Kong planned to hold a fishing competition near the islands and tear down a Japanese lighthouse that had been set up on one of them.

BRIEFLY

U.S.-Japan Defense Ties Are Criticized by China

BEIJING — China criticized Japan's military alliance with the United States on Monday, accusing the two of targeting Beijing and warning of a resurgence in Japanese militarism.

"The long-term goal is to deal with the imaginary troubles made by an economically and militarily stronger China," the official China Daily newspaper quoted Zhao Jieqi, a research fellow at the institute of Japanese studies of the Chinese Academy of Social Sciences, as having said.

Prime Minister Ryutaro Hashimoto of Japan visited the United States in April and assured President Bill Clinton that Tokyo was not seeking a cut in U.S. military forces in Japan and Asia. There are 100,000 U.S. troops in Asia.

The China Daily also denounced the planned revision of the 1978 Japan-U.S. defense guidelines for security cooperation. They are expected to be updated by this fall.

"The redefined U.S.-Japan security agreement helps set the tiger out of the cage," the newspaper quoted Liu Jiangyong, director of the department of northeast Asian studies of the Chinese Contemporary International Relations Institute, as having said. *(Reuters)*

Burma Sentences Aide For Opposition Party

RANGOON — Burma said Monday that it had sentenced a member of Daw Aung San Suu Kyi's National League for Democracy to four years in jail on a charge of falsifying documents.

U Myo Khin, 39, the opposition party's secretary for Yankin township in Rangoon, was arrested May 12 and charged with fraudulently altering a family registration list and citizen registration card, the Burmese government said in a statement.

It said that U Myo Khin's arrest and sentence had nothing to do with a party gathering scheduled for Tuesday.

The gathering is aimed at celebrating the anniversary of the party's landslide victory in the 1990 election, which was not recognized by the governing State Law and Order Restoration Council. *(Reuters)*

McNamara to Attend Conference in Hanoi

HANOI — Robert McNamara, the U.S. secretary of defense during much of the Vietnam War, and Vietnamese officials are due to meet next month in Hanoi to examine lessons from the conflict, a Foreign Ministry official said Monday.

Mr. McNamara, a member of a nongovernment U.S. delegation comprising some 50 researchers and historians, will attend a "Missed Opportunities" conference between June 19 and 22 with Vietnamese government ministers and academics. *(Reuters)*

6 Die in Kashmir Battle

SRINAGAR, India — An Indian Army officer, three soldiers and two suspected separatist guerrillas were killed in a battle in Kashmir, an Indian defense spokesman said Monday.

The fighting occurred late Sunday after the army received a tip that a group of rebels was hiding in the village of Butwani, 22 kilometers (13 miles) northeast of Srinagar, the summer capital of Jammu and Kashmir state, army officials said. *(Reuters)*

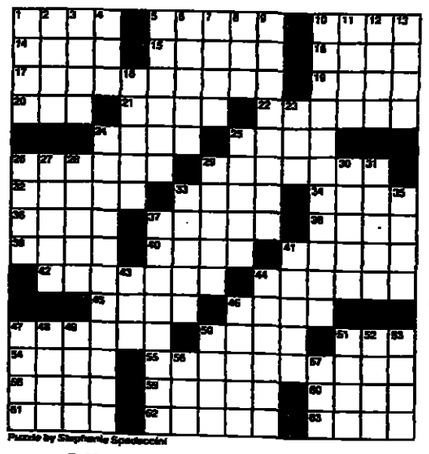
CROSSWORD

ACROSS

1 27, to 3
5 Virgule
10 St. Nick accessory
14 The top
15 "Remember the ——!"
16 "Ars Amatoria" poet
17 Surgical site in the Beaver State?
19 *Kid's phrase at* request
20 Chang's Siamese twin
21 Itch
22 Full moon color
24 Commedia dell'——
25 Rapper who co-starred in "New Jack City"
26 Le Carré character George
29 Methodology
32 Estate papers
33 Gunk
34 Champagne Tony of golf
36 —— vera
37 Middays
38 Money to tide one over
39 It's west of N.C.
40 Just
41 "What —— I do?"
42 Nielsen stats
44 Comic Charles Nelson ——
45 *Unpleasant task*
46 Hospital unit
47 Declare
50 Swiss river
51 "—— is me!"
54 Glitzy sign
55 Doc from the Old Line State?
58 Cartoonist Al
59 Chorus girls?
60 The first: Abbr.
61 Fashion's Klensch
62 1956 Four Lads hit "—— Muchl"
63 It's just for openers

DOWN

1 Supergarb
2 "—— the rooftop . . ." (Christmas lyric)
3 Arctic Ocean sighting
4 Phone line abbr.
5 ——pants *(wise guy)*
6 Jessica of "Frances"
7 Right-hand person
8 ——cone
9 Decorated officers
10 Driver's license in the Gem State?
11 Russian "John"
12 Engine knock
13 Actress McClurg
18 Fishing gear
23 —— room
24 Sound system in the Keystone State?
25 Humor not for dummies
26 Quite a hit
27 Distance runner
28 Actress Massey
29 Chlorinated waters
30 1988 Olympics site
31 Inconsequential
33 Pagoda sounds
35 "Handy" man
37 Rural
41 Goddess of agriculture
43 Suffix with elephant
44 Least cooked
48 "Yippee!"
47 Suffix with utter
48 —— piccata
49 Kin of "Uh-oh!"
50 Envelope abbr.
51 Alert
52 Leave off
53 Periphery
56 "Strange Magic" rock band
57 1988 Dennis Quaid remake



Puzzle by Stephanie Spadaccini

© New York Times/Edited by Will Shorts.

Solution to Puzzle of May 26

B	R	A	C	E		I	S	I	S		S	C	A	M
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O	N	T	O	P	O	F	T	H	E	W	O	R	L	D
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FRANCE (zone C) en FFR - TVA 20,6%
GO: 3,74 FOD*: 2,26
SCSP: 5,43 SCSP: 5,28

UK en £ - TVA 17,5% (Taux 8%)
AU 23/05/97
GO: 0,5254 FOD*: 0,3476

ALLEMAGNE (zone I) DMI - TVA 15%
AU 23/05/97
ZONE I - G :
GO: 1,07
ZONE II - I :
GO: 1,05 SCSP: 1,443
ZONE III - F :
GO: 1,02 SCSP: 1,39
ZONE IV - F :
SCSP: 1,39
ZONE IV - G :
GO: 1,05 FOD: 0,61

BELGIQUE en FBH - TVA 21%
GO: 22,07 FOD: 10,68
SCSP: 33,22 SCSP: 51,84

HOLLANDE (zone2) NLGI - TVA 17,5%
AU 26/05/97
GO: 1,248 FOD: 0,765
SCSP: 1,766 SCSP: 1,753

LUXEMBOURG en LUFI - TVA 15%
GO: 22,00

ESPAGNE (zone A) en PTAS/I-TVA 16%
GO: 83,53
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Indonesia Vote Won't Be Fair, Monitor Says

JAKARTA — An independent group in Indonesia ... that the national elections would not be fair because ... the governing Golkar party ... At a news conference ... the election process was free ... Kusumah, secretary ... Indonesian Election Monitoring Committee replied: "No." ... million Indonesians ... vote Thursday for the House of Representatives ... seats are reserved ... influential military. ... day campaign that was marked by rioting and ... stringent regulations for campaigning. ... running group was formed by 50 activists ... recognized by the government ... limited its activities ... its members to ... restrictions on election ... committee said in a statement ... recorded a number ... during the campaign ... not give details except ... television had ... substantially more ... than the other two ... contest the election ... United Development ... Christian-Nationalist Democratic Party. ... group called ... Legislative Assembly ... consultancy ... democratic poll ... which comprises ... Parliament and ... on the government ... the people ... and to appoint ... Reuters, AP

e conference

BRIEFLY

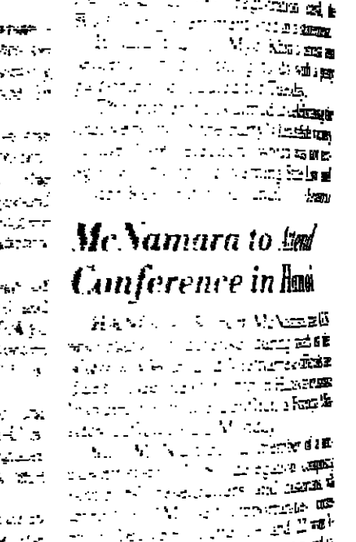
use Ties China

McNamara to Lead Conference in Hanoi

6 Die in Kashmir Bomb

es Aide Party

WORD



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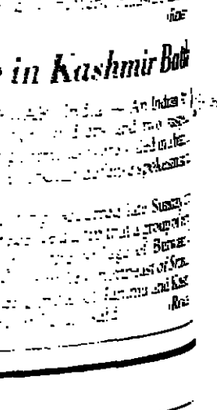

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A 'Moderate' in Iran

Political Earthquake

Iran has been jolted by a political earthquake as powerful as the geologic upheavals that have rocked it in recent years. Against the wishes of the ruling clergy, voters overwhelmingly elected a new president dedicated to relaxing or eliminating the political and religious repression that has long disfigured their country.

The question is whether Iran's clerical leaders will get the message and allow the new president, Mohammed Khatami, to carry out the reforms outlined in his successful campaign. Iran's presidency is less powerful than its religious establishment, and clerical leaders have shown no sign of backing away from their commitment to impose orthodoxy at home and sow Islamic revolution and political terror abroad.

Unlike most repressive regimes, Islamic Iran holds regular, competitive elections. But democracy operates within strict limits. Candidates are screened in advance by the ruling clergy for orthodoxy and acceptability. Mr. Khatami won clerical approval, along with three rivals. More than 200 other presidential hopefuls did not.

Mr. Khatami's reputation as a reformer comes primarily from his tour as minister of culture and Islamic guidance from 1982 to 1992, when he loosened the strict censorship of books, magazines and films. That period of relative enlightenment ended when clerical followers of Iran's most powerful religious leader, Ayatollah Ali Khamenei, forced his resignation.

Associates say Mr. Khatami will now move to legalize political parties, ease press restrictions and restrain the religious militia who spy on people's private lives to enforce strict Islamic codes of dress and behavior. But he must move carefully, remembering the fate of revolutionary Iran's first elected president, Abolhassan Bani-Sadr, who was dismissed after 17 months for challenging the religious establishment. Mr. Khatami's calls for pragmatism will also encounter opposition in the sensitive area of foreign policy, where Iran's sponsorship of terrorism and subversion, and its drive to acquire nuclear weapons and advanced missiles, have alarmed Washington and much of the Middle East.

Mr. Khatami's election may reinforce calls for a relaxation of America's tough economic sanctions against Iran, which are not supported by most of Washington's European allies. But any consideration of a change in U.S. policy must await concrete evidence that Tehran is prepared to abandon the policies that led to those penalties, particularly in the areas of terrorism and nuclear weapons. Iran's long-oppressed people have unequivocally demanded change. Religious authorities will defy the protest vote at their own peril.

—THE NEW YORK TIMES.

Let's Wait and See

A "moderate" has been elected president of Iran. This news needs to be read with caution. It is not simply that the past American search for a moderate interlocutor in Iran has gone poorly. Structurally, the circumstances remain unpromising. Iran is an Islamic republic, a state that puts faith and the institutional power of the mullahs first. All presidential candidates had to pass an ideological purity test. The weekend victor is not a man from the outside, but a man from the inside.

As the elected president, Mohammed Khatami will still be No. 2 to the supreme religious leader, Ayatollah Ali Khamenei. Mr. Khatami is said to have, within the revolutionary context, a liberal bent. If this is what the Iranian people voted for, others can only hope that they get it. But it is something yet to be proved and cannot be taken for granted.

There is no doubt, however, that this election has been anticipated as the harbinger of the sort of change in Iran that would permit and even require the West, and particularly the United States, to alter basic policy. The political theory is that Iran's revolutionary ardor and discipline are fading and that the country is becoming just one more vexing but manageable Third World place. The strategic theory is that the United States needs to get on with the permanent geopolitical requirements of enlisting Iran in the containment of Iraq in the Gulf and of Russia in Central Asia.

In the last year or so, the American policy of treating Iran and Iraq as a matched pair of rogues has failed to keep the Western allies from differentiating between them and attempting to deal more normally with Iran.

It is still very early, however, to go with those in Europe and elsewhere who seem ready to give Iran credit for policy changes it has not in fact made.

Hostility to the Iranian revolution is not the basis of American policy, as hostile to the "Great Satan" as the Tehran leadership has been. What the United States objects to, and what it should object to, are specific deeds of Iran: its support of international terrorism and subversion, its promotion of armed challenge to the Middle East peace process, and, most ominously, its pursuit of nuclear weapons and other weapons of mass destruction. It is not ideological pique or bad dreams about Iran's seizure of the U.S. Embassy hostages that account for the difficulty here. It is Iran's actual policy.

For American diplomacy, the problem of Iran has become in the first instance a problem of managing a Western alliance with several different views of Iran. With the Tehran election, another opportunity may be arising to coordinate Western policy around the notion of an Iran as a state that is not intrinsically and irreversibly a rogue but needs to be held to the international rules. The most foolish thing the West could do would be to take Mr. Khatami's elevation as an occasion to give Iran a free pass.

—THE WASHINGTON POST.

What's in the Hold?

Until the horrifying crash of ValuJet Flight 592 a year ago, few air travelers were aware of what sort of cargo might be aboard their flights and what safety precautions applied. The investigation brought to light many serious safety problems, including some that the government and airlines might well have addressed long before that tragedy.

The investigation produced a finding that 144 potentially hazardous oxygen generators had been mislabeled "empty" and loaded into the hold. These canisters either started or fueled a deadly fire, which led a National Transportation Safety Board investigator to say it is his view that toxic smoke from tires burning in the cargo hold may have killed or knocked out everyone aboard before the aircraft headed nose-down into the Everglades.

Should hazardous materials be carried on any passenger flights? And on any kind of flight, aren't precautions taken to protect against cargo-hold fires? The safety board has issued warnings about this for years, but not until November did the Federal Aviation Administration announce that it was going to issue an order requiring smoke alarms and fire-suppression systems for cargo holds. The agency then did ban the transportation of oxygen generators as cargo on any passenger flights in the United States.

But last Tuesday, Continental Airlines disclosed that a flight last month illegally carried hazardous oxygen generators, apparently also mislabeled by a contractor — and also in a cargo hold with neither a smoke detector nor any fire-suppression system. What oversight system missed all this?

Last December, the major airlines said they voluntarily would agree to "move quickly" on the smoke detectors — but no detectors were installed. Only weeks ago, the Air Transport Association, which represents these airlines, announced that the carriers voluntarily would install the two safety systems over the next five years.

Five years? Even the FAA now has felt it necessary to speed things up (a little) by ordering all airlines to install the smoke detectors and fire-suppression systems within three years. But this means three years after the FAA issues a final rule — which acting FAA administrator Barry Valentine said will not be until at least the end of this year.

If, as FAA officials insist, the agency now is moving to improve its oversight and respond quickly when safety concerns are raised, it is a constructive change. More evidence is needed, however, before an increasingly safety-conscious flying public can begin to believe it.

—THE WASHINGTON POST.

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Wise Up and Help China Adopt the Rule of Law

By Thomas L. Friedman

WASHINGTON — Last week Bill Clinton outlined his plans to renew China's most-favored trading privileges. He made the announcement to a group of business leaders at the White House. Here is what he should have said, but didn't.

Ladies and gentlemen, I've asked you here today to be the backdrop for my renewal of China's trade benefits, because I knew you'd be a friendly audience, since many of you do business with China. So let me begin first with a message to all of you:

Wake up, you morons! You are so greedy and shortsighted. You profit enormously from your dealings with China. But you refuse to acknowledge that those dealings take place in an overall framework of U.S.-China relations, and that framework is now eroding. Yet you won't lift a finger to help shore it up. You ostriches make me sick!

Look around you. A year ago key Republicans and Democrats were forging a bipartisan consensus on China, healing the rift created by Tiananmen. Bob Dole, Newt Gingrich, Warren Christopher, Sam Nunn, Bill Bradley and I were all giving the same speech about China — all advocating a nuanced policy of engagement with Beijing that would build bridges where possible, draw red lines where necessary.

Today that consensus has fractured into so many pieces I've lost control of my China policy. My ability to get my way on the biggest issues involving China is now seriously in question.

What happened? Heck, what didn't happen? Our trade deficit with China ballooned to $40 billion, which drove many labor activists to conclude that China's not the Big Red Menace — it's the Big Wage Menace. They fear that millions of Chinese working for 50 cents an hour are going to take millions of U.S. jobs. (They're actually taking jobs from other low-wage countries like Thailand, not us.)

Then the Christian right decided to go on the warpath because of China's birth control policies and its crackdown on unregistered evangelical churches. Then you had Congress in a tizzy over China's alleged campaign payoffs and arms sales. The net result is a crumbling foundation for our relations with Beijing.

On top of it all, the old wise men who could validate a policy of engagement with China are ignored by this parochial Congress. Newt may listen to Henry Kissinger, but his troops don't. They don't even listen to Newt. They might listen to you, though. So here's what you're going to do:

(1) You're going to stop your pious hogwash that everything in China will turn out fine if Congress will just leave you alone to make money there.

Yes, commerce with China is a necessary condition for promoting reform there, but it's not sufficient. To be both effective and true to our values, we need to have an active policy of promoting more freedom there.

So you're going to lobby your congressmen and tell them you understand their concerns about China's behavior, but that everyone just beating their breasts about China won't change anything. Things will only improve if business, human rights and labor activists work together, with China, to ensure that as it grows economically, it becomes a more open, pluralistic and law-based society. And the best way to do that is by promoting rule of law in China.

(2) I want the Business Roundtable and the Chamber of Commerce to set up a $50 million fund, matched by Congress, that will bring Chinese law students, judges, lawyers, even prosecutors, to America to complete their legal education and to gain exposure to our legal system, and to support legal education programs in China.

The Chinese leaders don't oppose these programs, because they know they can't grow their economy without a more rule-of-law-based system. They are just betting that they can institute rule of law in every area except politics. Fine, I'll take that bet.

I know this focus on rule of law won't change the mood in America toward China overnight. Some groups here need a big enemy like China, and Lord knows, China makes it easy for them. But for those who really are interested in making a difference there — not just in moral preening — this rule of law approach could be the basis for building a new consensus. It's good for human rights, it's good for business, and it's good for China.

Without a new consensus, this relationship is going to go right over a cliff, and it's going to take your business and my foreign policy along with it.

The New York Times.

The Greening of Governments, Businesses and Communities

By Claude Martin

GLAND, Switzerland — A 1,000-day countdown to the dawning of our next millennium started last month. People are fond of such mathematical exactitudes of time. They provide reassuring points of reference amid the generally chaotic cycles of existence.

But what will we really be signifying with the parties in glitzy hotels and the firework displays that will greet the so-called third millennium?

If the occasion is to mean anything at all, it should bring recognition of past follies and a resolve to treat ourselves and every other species on Earth much better in the future.

That is why the World Wide Fund For Nature decided to launch a Living Planet Campaign. It is focused on 2000 to encourage by then as many commitments from as many governments, businesses and communities as possible to protect, preserve, revive and sustain through the third millennium the natural heritage that has suffered such destruction in the last century.

Such commitments we call Gifts to the Earth. There have been many since the campaign began. Some have been much needed financial support for conservation work from charitable and voluntary organizations. The Russian Mezhkombank, for example, pledged half a million dollars.

The world's largest private forest owner, AssiDoman, has agreed to sustainable management and harvesting of all its forests. Unilever, the biggest producer of frozen fish in the world, has undertaken to work with WWF in developing sustainability rules for the harvest of the oceans.

Germany's AEG company has promised to help combat climate change caused by burning oil, coal and other fossil fuels by making its household electrical appliances 25 percent more energy efficient.

In Denmark, the Best Western hotel group has given itself three years in which to reduce its energy use by 25 percent.

Some governments, too, have recognized the need for dramatic action to protect the environment, especially its most valuable and threatened ecosystems.

The Living Planet Campaign began with an undertaking from Yakutia, a republic within the Russian federation, to create one of the largest protected areas in the world — 70 million hectares (24 percent of its wildland), an area roughly twice the size of Germany.

The Republic of Georgia pledged to place more than 20 percent of its territory under official protection.

Georgia was joined by Mongolia, whose government pledged protection for 49 million hectares (30 percent of its land area) by 2000.

Significant as these promises are in environmental terms, they are perhaps symptomatic of something else. Georgia, Mongolia and Yakutia are little known in the wealthy West, which, with the honorable exceptions of Switzerland and Florida, has yet to make serious practical commitments at government level to the campaign.

Moreover, they are countries formerly subject to a socialist regime that withdrew from the people all responsibility for their lands. Until the collapse of the Soviet Union, citizens could not take possession of their natural heritage, let alone show their strong emotional ties to it.

Now that such feelings can be openly expressed, what becomes obvious about them is a desire to preserve that heritage and help create a new age in which nations can develop economically but at the same time avoid the careless environmental destruction that has characterized so much development in the West.

Perhaps we in the West have been made blasé by our freedom to exploit our natural resources and those of other countries over which we have held sway. If we can rediscover the deeper cultural and natural values of our civilization, as former Soviet satellites have done, we really will have something to celebrate as the old millennium gives way to the new.

Then the fireworks as the chimes of midnight die away on Jan. 1, 2000, will not be just another contribution to air and noise pollution.

The writer is director-general of WWF International. He contributed this comment to the International Herald Tribune.

The Seas, It Turns Out, Can Indeed Be Fouled and Blighted

By Sylvia Earle

WASHINGTON — In the past 20 years about 10 percent of coral reefs worldwide have become dysfunctional. Another 30 percent are significantly stressed.

Some call coral reefs the rain forests of the sea, a tribute to the enormous richness of life and imperiled nature of both. To call attention to the plight of the reefs, the U.S. Department of State has declared 1997 International Year of the Coral Reef.

Around the world, the story of coral reefs is a story of human actions causing dire consequences often long distances from the scene.

It is popular to say that we live on a small planet. Just how small can be seen in the Caribbean Sea, where the World's End Reef is in peril because mountainsides are eroding hundreds of miles away in Venezuela. Loose soil from road cuts and farms in the mountains comes down the Orinico River and spills into the sea, where it smothers once thriving coral reefs and feeds a long green plume of toxic algae.

In Florida, some yacht owners carelessly flush their toilets into port waters: many golf course managers dump onto the fairways tons of excess nitrogen fertilizers, including a large percentage that will ultimately wash into the oceans; developers of inland properties let silt loose into tributary waters. As a consequence, reefs suffer.

The much admired corals in John Pennekamp Marine Park, off Key Largo, are often now draped with hunks of fast-growing algae. The algae and sediment deprive the corals of light and oxygen may be linked to recent outbreaks of diseases such as "black band" and "white plague II."

The U.S. Commerce Department looks at this ugly picture and sees tourist dollars disappearing. Far more important, though, is the disappearance of the reefs themselves.

What the situation really calls for is a basic reorientation, a sea change of attitude, about how landlubbers and ocean-going people alike treat the vital natural systems beneath the surface of the oceans.

Living coral reefs are composed of millions of tiny, tentacled animals and calcareous plants that secrete a bulwark of calcium carbonate. When healthy, these stony structures are a natural sheltering habitat for fish, crabs, lobsters and thousands of other marine species. They also shelter all members of the human species who live near the ocean-front, taking the brunt of storm-whipped waves.

The state of Florida recently adopted a management plan for the Florida Keys National Marine Sanctuary imposing water controls and zoning restrictions on some on-land activities, including some restriction on the now common use of cesspools. This is a good plan for both economic and environmental reasons, but some oppose it.

The fight over the plan is just one example of the growing conflicts arising from pressures that humankind is putting on natural systems. The list of activities that threaten the oceans is long — developers who dam rivers, destroy mangrove tree lines or fill in sea grass beds, shipowners who dump chemicals and oil, marina managers who discharge sewage into the sea, fishermen who take too much wildlife from the sea, farm operators who allow excess agri-chemicals to flow in.

Only a generation ago, a marine scientist described the oceans as "the great matrix that man can hardly sully and cannot appreciably despoil." Back then it was not imaginable that humankind would put holes in the stratospheric ozone layer, letting through radiation that damages fish eggs and larvae and kills plankton. It was not imaginable that pollution-caused global climate changes could lead to an accelerated rise in sea level.

The comforting notion that the sea can withstand any and all assaults is losing out to growing awareness that we are stressing the ancient ocean systems that support us.

The sea shapes climate and weather, stabilizes temperatures, generates oxygen and provides more than 95 percent of the planet's living space — the biosphere. It is in our interest to stop doing harm to life in the seas, and this is the message that governments hope to convey with their 1997 campaign for reefs and a planned follow-up campaign for 1998, International Year of the Oceans.

Finally, a cautionary tale:

Some years ago, construction companies in Sri Lanka dredged up hard calcium reefs as building material for resort hotels on the beaches. Each year since then, more of the beachfront is eroded by storms that come roaring through gaps in the reef bulwark. The way things are going, the hotels made of corals will someday fall into the ocean.

The writer, former chief scientist at the National Oceanic and Atmospheric Administration, is national representative for SeaWeb, a marine conservation initiative created by The Pew Charitable Trusts. She contributed this comment to the International Herald Tribune.

Mr. Arafat, Release Mr. Kuttab

By Anthony Lewis

BOSTON — Imagine a U.S. president having the head of C-Span thrown in jail because he broadcast sessions of Congress in which the president was criticized. That is a rough translation of what has just happened in Yasser Arafat's Palestine.

The victim of Mr. Arafat's displeasure is Daoud Kuttab, a leading Palestinian journalist. He is being held incommunicado in a prison in Ramallah, in the West Bank.

I have known Mr. Kuttab for years. Like other foreign reporters and diplomats, I respect him for his courage and honesty. The first concern has to be for his safety. Others imprisoned by the Palestinian Authority have been brutalized, and killed.

But the broader issue is the nature of the Palestinian polity. As president of the Authority, Mr. Arafat is intolerant of criticism and intemperate in his disregard for basic standards of freedom. His performance is blighting Palestinian hopes, and the Kuttab case is a telling example.

Mr. Kuttab has written unflinchingly about abuses of power by Israeli occupation authorities and by the new Palestinian regime. He was a columnist for Al Quds, an Arabic paper in Jerusalem, until the publisher gave in to an Arafat demand in 1994 and fired him. Last year the Committee to Protect Journalists gave him its International Press Freedom Award for his bravery.

He has been running a project much like C-Span at an independent broadcasting station, Al Quds Educational Television. It carries live, uncut broadcasts of the Palestinian Legislative Council. The U.S. Agency for International Development provided a $25,000 pilot grant, and it has European support.

The Legislative Council, in its short life, has been remarkably independent. Its members frequently criticize corruption in the Authority and abuses of human rights.

The Palestinian on the street could not read about that criticism because Palestinian newspapers were afraid to anger Mr. Arafat by printing it.

When the verbatim broadcasts started, they drew a wide audience. People watched through four hours of often prolix sessions. Soon a curious thing happened. When Al Quds television broadcast a council session at which Mr. Arafat was criticized, another signal covered the screen with a black rectangle.

The jamming came from the Authority's official Palestinian Broadcasting Company. So Mr. Kuttab found when he was invited to check in the PBC control room. He was warned not to say anything.

Last Tuesday, May 21, The Washington Post carried a story about the jamming. That night Mr. Kuttab was telephoned by the Ramallah police chief, Colonel Firas Ameleh, and asked to come in. He lives in Jerusalem, outside the control of the Authority, but he went anyway — and was arrested.

The next day his family tried to find out where he was. So did U.S. consular officers, who inquired because he is an American citizen. Colonel Ameleh and other Palestinian officials denied for hours that he was under arrest. Finally they admitted he was.

Mr. Kuttab's lawyer and the U.S. consul general, Edward Abington, were able to visit him on Wednesday. But the next day his wife and three children were turned away. Colonel Ameleh said he had orders from Mr. Arafat's office to let no one visit him. Mr. Kuttab started a hunger strike.

On what charge was he held? After two days of silence, officials said he would be charged with violating the "journalism law." No one is sure what that means.

The whole affair, with its arbitrariness and mendacity, reeks of the view that it is lèse-majesté to challenge Mr. Arafat. Palestinians deserve better. They want democracy. The Legislative Council's spirited criticism of corruption shows that, and so does the public response to Mr. Kuttab's legislative broadcasts.

But more is at stake. Such action costs Mr. Arafat dearly in the respect he needs to negotiate a viable Palestinian homeland — respect in the world, and in Israel. It is essential for him, as for Palestinian hopes, to release Daoud Kuttab.

The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Congo Rebels

BRUSSELS — The following details are forthcoming with reference to the military revolt in the Congo State, where fifteen hundred native troops, forming part of the Baron Dhanis's expedition, mutinied. Baron Dhanis hopes, with the help of 1,700 troops who have remained loyal and reinforcements from other garrisons, to cut the rebels' retreat. The conflict is expected to be a long one, but it is hoped, in the interests of civilization, that Baron Dhanis will defeat the mutineers.

1922: Inciting Disorder

PARIS — The French Government sprang a sensational surprise on the Chamber of Deputies by authorising the Public Prosecutor to demand the lifting of the Parliamentary immunity of two Communist party henchmen in order that they may be tried on charges of inciting army disorders. The main charges are based on an article by M. Vaillant-Couturier, published in a Communist paper circulated among army conscripts. M. Cachin, the managing-director, is also being held responsible. It is alleged that the article incites the conscripts to disobedience and indiscipline.

1947: Looted Artwork

BERLIN — Six valuable paintings, including a Van Dyck, which were purchased by the American Military Government from a German firm to decorate the offices of General Lucius D. Clay, have been found to be Nazi loot and will be restored to the Netherlands. The Military Government paid a total of 66,400 reichsmarks ($6,640) for the pictures, which were purchased in August and October 1945, at Baden, in the French Zone of Germany.

OPINION/LETTERS

Gephardt-Gore Debate: Good for Democrats

By Robert Kuttner

WASHINGTON — Lately the "New Democrat" Clinton administration has embraced some unlikely policies dear to old Democratic constituencies, notably trade unions and the poor. The shift involves both politics and principle, and it suggests that the contest over the party's future is far from over.

First, to great Republican annoyance, the White House denied governors the right to turn public welfare over to private contractors. Next, the administration ruled that the federal minimum wage covers welfare recipients working on workfare projects. This produced more Republican indignation.

Several factors are at work here. For starters, these policy decisions make legal and practical sense.

While government reasonably can use contractors for some services, government shouldn't contract out basic public administration. Texas welfare authorities wanted to give corporate contractors financial incentives that based their own earnings on denial of benefits to needy people. Even Congress did not intend to go that far, and President Bill Clinton said so.

Similarly, several studies show that a shift from welfare to work often reduces overall living standards. It costs money to dress for a job, to get to a job and to pay day care costs. Why exempt welfare recipients, of all people, from the minimum wage? If the Republicans explicitly proposed that goal in legislation, the debate would be instructive.

Even more illuminating are the politics of these decisions within the Democratic Party. The labor movement lobbied hard on both policies. Labor has more leverage than usual, thanks to the rivalry between Vice President Al Gore and Dick Gephardt, the House Democratic leader, for the presidential nomination in 2000.

Mr. Gephardt is closer to the unions than Mr. Gore is on most issues, so Mr. Gore is playing catch-up. For example, Mr. Gephardt soon will propose a Democratic alternative to the budget deal worked out by the Republicans and the White House. Mr. Gephardt's amendment will have fewer program cuts, more tax relief for the middle class and less for the affluent.

Mr. Gore and Mr. Gephardt are also on opposite sides on several upcoming trade issues. These include new presidential negotiating authority to expand NAFTA, most-favored-nation trading status for China and the terms of China's entry into the World Trade Organization. Here again, Mr. Gephardt's position is closer to labor's.

Within these constraints, the vice president has been keen to do what he can for the unions. On the question of whether minimum wage applied to workfare and on whether to grant Texas its waiver, Mr. Gore sided against his close ally, the White House domestic policy chief Bruce Reed, a leading "New Democrat."

Of course, there is more to these issues than presidential politics. There is, in fact, a set of principled debates.

Should needy people ever be compelled to take jobs at less than minimum wage? Should nations that participate in the global trading system be required to respect basic laws of property rights and human rights? Should the federal budget add tax breaks for the middle class or for the well-to-do — or maybe put off tax breaks until the budget is balanced?

On these and similar issues, the Clinton White House often has been closer to the Republican position. And if Mr. Gore is moving back in the direction of the traditional Democratic Party, it is not just because of election year IOUs to unions but because the Democratic Party base, whose support Mr. Gore needs, is still mostly liberal.

Mr. Gore surely would prefer a coronation to a catfight, but his rivalry with Mr. Gephardt could be constructive as well as divisive. Mr. Gore's role in pointing the White House toward a more vigorous defense of unions and the poor, like Mr. Gephardt's battle for budget priorities, kindles a necessary debate over the soul of the party.

America, after all, needs one Republican Party, not two. This debate can only be good for the Democrats and the country.

© Robert Kuttner.

Young, Sick, Strung Out And Middle Class

By Brent Staples

NEW YORK — Heroin came to my high school during our senior year — not in the hands of poor kids from the projects, but in needles dangling from the tourniquet-tied arms of guys with hot rods, lavish wardrobes and the best orthodontics their parents could buy. The heroin boys were a cult. They huddled together at lunch, nodding out on their feet, wiping noses that ran perpetually even in summer. In the evenings, they idled in side streets, passing needles back and forth, before driving home to immaculately kept houses with two, sometimes three cars in the driveways.

MEANWHILE

This was the end of the 1960s in a working-class city near Philadelphia. We were 90 minutes from New York City's Greenwich Village, where a child of suburban affluence named Lou Reed had become a star singing "Heroin," a song of worship. He sang while pretending to tie off his arm and inject the drug. As the lyrics said, he was happiest close to overdose, when he was "closing in on death."

Federal officials say the middle-class romance with heroin is the newest trend in American drug use. But this is hardly new. Heroin has always been a plaything of the moneyed classes who could pay for addiction without turning to crime or becoming ragged and homeless. The myth that heroin was largely confined to the lower classes helped it to spread undetected into the suburban middle class and beyond. Stand outside the right methadone clinic and you will see men in business suits picking up their heroin substitutes, trying to keep their habits in check.

Many middle-class teenagers flirt with heroin as a way of validating hipness and urban authenticity. Go any night to the Alphabet City area of New York's Lower East Side and you see cherubic, well-fed teenagers out on urban safari, trawling the streets for drugs. Will their parents notice when they nod out at the table? Or will they deny the obvious, hiding behind the belief that junkies come only from "bad" neighborhoods?

In the hip world of downtown, heroin has long since traveled in the equivalent of the snuff box, with hosts asking guests if they want a snort. High-fashion models are only the latest subscribers, using heroin first because it suppresses appetite, helping them stay thin.

The drug became a common accessory on photo shoots, and it was only a matter of time before it became the subject of the photographs themselves. "Heroin chic," as the movement came to be called, required a wan, bedraggled look that romanticized addiction and down-and-outness. The concept snowballed as models and photographers emulated a look that magazines wanted and that many in the business were personally invested in.

Photographers blamed the modeling agencies for the look. The agencies blamed the photographers, stylists and editors — with all sides insisting that drug addiction was not part of the scene. The industry stayed in denial until the death by overdose, a few months ago, of Davide Sorrenti, a 20-year-old photographer with prestigious clients like Detour, Interview, Surface, Ray Gun and I-D magazines and the Japanese fashion companies Hysteric Glamour and Matsuda. His photographs, portraying pale, thin, somnambulant models, have been widely imitated. Drug users tend to recruit others. It is reasonable to assume that Mr. Sorrenti did as well.

Magazine editors might have remained in denial if not for Mr. Sorrenti's overdose and the bad publicity that followed. The editors are now feverishly at work, and by late fall "heroin chic" layouts will be replaced by pictures that are said to look healthy and wholesome. But before heroin chic returns to the shadows, we should reflect on its lessons. The first is that addiction is a phenomenon that transcends boundaries of class, race and income. The second is that it cannot be contained and will swallow whole industries if left unchecked. The third and most important lesson is that the fashion business will accomplish nothing if it stops at "freshening up" its photographs. The real work lies in changing the culture of the business, rooting out addicts, suppliers and proselytizers.

The New York Times.

LETTERS TO THE EDITOR

The Middle East

Regarding "A Brutal Letdown for Palestinians Who Expected Freedom" (Opinion, May 23) by Fawaz Turki:

Disappointment in Yasser Arafat is widespread in the homeland and in the diaspora. Palestinians see a leader in whom they placed their trust condoning the suspect dealings and excesses of his clique.

No wonder Mr. Arafat does not allow free speech in the territories he controls and is quick to lock up anyone who dares challenge him openly. Palestinians have deep aspirations for freedom after long years of Israeli occupation. Those in power today would be wrong to assume that the people are going to tolerate, forever, the improper conduct of their own rulers.

If Mr. Arafat wants to be remembered not only as a fighter for land but also as a fighter for justice and freedom, he should lose no time in establishing decent public values.

S. A. SHERIF.
Montreux, Switzerland.

Regarding "Arab Sellers of Land Are 'Traitors,' Arafat Says" (May 22):

Dan Naveh, Israel's cabinet secretary, uses the term "anti-Semitism" in referring to the Palestinian Authority's decision to impose the death penalty on Arabs who sell land to Jews.

As an Arab — and thus as a Semite — I find it interesting that Arabs can be accused of anti-Semitism. More concise language is needed.

IBRAHIM ALADWANI.
Cologne.

Punishing the Passenger

Regarding "Abuse at 35,000 Feet: Airlines Take Aim at Rowdy Passengers" (May 2):

Has no one suggested to these deregulated airline companies that perhaps the answer to their problems just might be to increase their passenger service rather than their security and legal protection? Put the money into more sandwiches and more personnel rather than into lawyers' pockets? Instruct staff on how to use their computers and make intelligible announcements rather than how to wrestle passengers to the ground? Listen to passenger suggestions and complaints before things get out of hand?

SHELLIE KARABELL.
Moscow.

Trophy's Whereabouts

I was surprised to read that O. J. Simpson did not know the whereabouts of his Heisman Trophy, which he received as a college football player *("Where's Heisman Trophy? Don't Ask Simpson," May 17)*. I know where it is, or at least where it was last month: at the University of Southern California.

An article in the April 28 edition of Sports Illustrated reads in part: "En route to his office every day, USC athletic director Mike Garrett passes by display cases containing his 1965 Heisman Trophy and the Heismans won by three other Trojans tailbacks: O. J. Simpson ('68), Charles White ('79) and Marcus Allen ('81)."

MICHAEL LEDGERWOOD.
Paris.

In Tomorrow's Newspaper
Don't miss the Special Report on

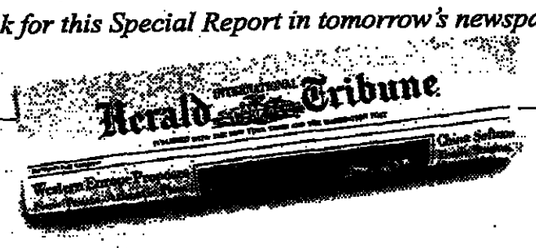
The Marshall Plan & its Legacy

Fifty years ago, on June 5, 1947, in a commencement address at Harvard University, then Secretary of State George C. Marshall advanced the idea of a self-help project for Europe, financed by the United States, that would aid in the economic, technical and social recovery of a continent that lay in ruins after a devastating war. "It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health to the world, without which there can be no political stability and no assured peace," he said. Thus was born the Marshall Plan, one of the most successful ideas of contemporary history.

On May 28th, as the 50th anniversary approaches, the International Herald Tribune will publish a Special Report on "The Marshall Plan and its Legacy." The report marks a different kind of anniversary — not of war and suffering, invasions or bomb dropping — but of the supremacy of ideas and intellect and the start of a process that literally changed the world.

Among the distinguished contributors:
U.S. Secretary of State Madeleine Albright
Stephen E. Ambrose
Josef Joffe
Michel Crozier
Art Buchwald
Flora Lewis
Joseph Fitchett
Barry James

Look for this Special Report in tomorrow's newspaper.



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EUROPE

Turkish Generals Purge Some Islamic Officers

The Associated Press

ANKARA — Turkey's generals on Monday once again rebuked Prime Minister Necmettin Erbakan for his Islamist policies, announcing a purge of pro-Islamic officers.

It was the latest clash between the military, which considers itself the guardian of Turkey's secular system, and the governing Welfare Party, which has been seeking to put a greater Islamic stamp on Turkey.

The generals summoned Mr. Erbakan for a six-hour closed-door meeting of the Supreme Military Council, after which a decree signed by Mr. Erbakan announced that "necessary decisions were taken regarding the disciplinary and ethical situations of some personnel." It did not elaborate, but the measures reportedly included the expulsion of several officers considered pro-Islamic.

Also on Monday, 39 members of Mr. Erbakan's party were indicted on charges of trying to incite an uprising against the army, which is punishable by 30 years in prison. They were indicted for performing in a play depicting Islamic radicals struggling with a secular army.

"Turkey cannot not be turned into Iran or Algeria," the indictment said. "Whoever tries to do this will be punished."

The NTV private television channel said all the council members, including Mr. Erbakan, signed a decree dismissing several officers charged with having links to pro-Islamic groups.

It did not give a figure, but Turkish newspapers said Monday that the cases of nearly 50 such officers would be reviewed at the council meeting.

The Supreme Military Council groups the prime minister, the defense minister and the top 15 generals.

Newspapers said Mr. Erbakan, whose Islamizing policies have angered the military, was headed for another confrontation with the military, who have asked him to retract his Islam-oriented policies and act to protect secularism.

Mr. Erbakan so far has displayed a defiant attitude. But his resistance has angered members of his center-right coalition partner, the True Path Party. Last week four True Path deputies resigned to push their leader, Deputy Prime Minister Tansu Ciller, to leave the coalition.

The resignations left the government with 275 seats in the 550-member Parliament, increasing speculation that the government would soon collapse.

Jacques Brinon/The Associated Press

The National Front's Jean-Marie Le Pen at his headquarters near Paris.

FRANCE: *Chirac Blundered on Timing*

Continued from Page 1

selves, and contained a tactical hitch: With Mr. Juppe gone, it focused all the political responsibility in the second round on the president, this time without an all-suffering front-man to absorb his part of the damage if things went wrong.

Having done something not terribly smart in public by calling the election, Mr. Chirac clearly lost a part of the tissue that bound him to France, an element of the organic and instinctive relationship between president and country that commands the respect of peers, including President Bill Clinton and President Boris Yeltsin, with whom he will meet Tuesday in Paris to talk about the future of European security and NATO.

On the level of policy, Mr. Chirac's election left France and its partners with two unpromising alternatives: a Socialist-Communist government unclear about its relationship to Europe, a common currency or NATO, and wed to a program of social entitlements at home; or a weakened and discredited conservative government of diminished loyalties, reproaching the president, and without a mandate for change.

The president has more than four years to run in his term, but it would seem to be with shortened leverage and political esteem. Painfully, France's European partners, the financial markets and its clients could not be expected to close their eyes to this developing reality. The notion of a weakened France might push Germany to feel it should lead alone.

But beyond Mr. Chirac, the voting showed other disquieting things about France. If the registered voters who abstained were a political grouping, their share of the voter pool, 31.69 percent, would make them France's largest party, bigger than the Gaullists or Socialists.

Alongside the anger of silence was the increased volubility of the National Front, polling, as projected, about 15 percent of the vote, but clearly demarcating itself from the status of nasty aberration. Instead, France found itself with a legitimized know-nothing party, comfortable with racism and anti-Semitism, that the exit polls said had outscored both the Socialists and Communists among unemployed voters.

These scores kept its candidates in races in more than 20 percent of the constituencies, effectively institutionalizing the party as a disruptive factor, and as an arbiter in almost 80 three-cornered elections.

Beyond his relentless undertone of hatred, if the party's leader had a message that could seep into the national consciousness, it was Jean-Marie Le Pen's contention that the vote had stripped Mr. Chirac of his legitimacy and that he should resign.

The particular quality of Mr. Le Pen's call, compared with the imprecision coming from the traditional parties, was its clarity, a jagged piece of glass in a muddy pool.

The Socialists, who initially promised to create 700,000 new jobs, cut the work week to 35 hours for 39 hours' pay and block the privatization of state enterprises, replaced the specifics with formulations short on detail in their first statements after the results were in. The approach had the appearance of a party that seemed to think it could do best by saying less and less.

This had been the specialty of the government parties, promising change toward a more open economic climate, but never without adding a reassuring label such as change within continuity, or freedom plus solidarity, or capitalism with a moderate touch. During the four-week campaign, the Gaullists filed down the edges of their approach so that their tag phrase softened from "the new surge" to "the shared surge."

Short of a profound overnight makeover of the majority's tactics or a halt to the left's backpedaling toward the middle, the last week of the campaign seems likely to be both increasingly nasty at the edges and, at the middle, increasingly evasive of substance. Voting in an election they did not seek, the French were resolving little and unsettling much.

Polish Right Seeks to Amend Constitution After Low Vote

The Associated Press

WARSAW — Poland's rightists vowed Monday to seek amendments to the nation's first post-Communist constitution, saying that a low turnout in the constitutional referendum signaled popular dissatisfaction with the charter.

Less than 40 percent of Poland's eligible 28 million voters took part in the referendum Sunday, about 25 percent below projections.

Official results are expected by Tuesday, but exit polls showed that the constitution received approval by the required majority: 57 percent favoring the document, 43 percent against, with a margin of error of just over 1 percent.

"We are going to return to the issues after the fall elections," said Janusz Tomaszewski, the deputy Solidarity chairman. "We will at least try to amend this document, if not change it completely."

Solidarity criticized the charter prepared by the leftist-dominated Parliament because it does not state that a universal set of values, is superior to any law made by men. Solidarity also wanted a ban on abortion and an explicit condemnation of the Communists for human rights abuses during their rule.

But the right, locked out of Parliament in 1993 elections, will need to win control of Parliament in elections scheduled for September to make any amendments, which require a two-thirds vote.

The new charter commits the country to market economy and private ownership, doing away with the last remnants of the Communist system and preparing Poland for its goal of European integration. It guarantees personal freedoms and provides for clear division of powers between the president, the government and the Parliament.

Backers of the new charter also conceded that the low turnout might make it easier to attack the new constitution.

"I admit I am surprised by the low turnout," said President Aleksander Kwasniewski, who led Parliament's constitutional drafting committee for two years before taking office.

BRIEFLY

Croatian Leader Wants 3d Term

ZAGREB, Croatia — President Franjo Tudjman will seek a third term in elections June 15, the Croatian press reported Monday.

A pro-government daily, Vjesnik, predicted that Mr. Tudjman would get 57 percent to 62 percent of the vote in the three-way contest with Zdravko Tomac, head of the formerly communist Social Democratic Party, and Vlado Gotovac of the Croatian Social-Liberal Party.

Separately, Mr. Tudjman said in an interview published Monday that repatriating all Croatian Serbs would be "insane." About 180,000 Serbs fled Croatia after their separatist republic was overrun by government forces in 1995, and the few who stayed or have returned have often been targets of violence. *(AFP)*

Protestant Group Warns Dublin

DUBLIN — Protestant extremists in Northern Ireland claimed responsibility Monday for an abortive bomb attack on an Irish town and threatened to carry out more such bombings without warning against the Dublin government.

The threat was made in a call to a Belfast television station by the Loyalist Volunteer Force, a recently formed group of extremists fighting to maintain British rule in Northern Ireland.

The Loyalist Volunteer Force said the bomb it planted in Dundalk, 8 kilometers (5 miles) from the Northern Ireland border, failed to explode Sunday because of "technical difficulties" that had now been resolved. It said that attacks would continue "as long as Dublin interferes in Ulster's affairs" and that there would be no warnings. *(Reuters)*

Tirana Hospital Replies to Attack

TIRANA, Albania — Hundreds of doctors and nurses at the nation's best hospital went on strike Monday, demanding protection after a squad of Albanian special forces, angry that one of their members had died there, attacked the facility and wounded two staff members.

The attack Sunday at the Tirana military hospital was carried out by 30 men who arrived in two armored personnel carriers and dozens of vehicles. The special forces are nominally controlled by the Interior Ministry. *(AP)*

Slovak Foreign Minister Quits

BRATISLAVA, Slovakia — Foreign Minister Pavol Hamzik resigned Monday, the Foreign Ministry announced. His decision followed a referendum over the weekend on whether to join the North Atlantic Treaty Organization that was widely boycotted and then declared void Monday by the electoral commission.

The commission said the ballots should have included four questions, three of them on the alliance and the fourth on changing the constitution so that the head of state is elected by universal suffrage in the future.

Mr. Hamzik, who became foreign minister in August, had been trying to improve Slovakia's image in the face of criticism by Western leaders concerned with the state of democracy in Slovakia. *(Reuters, AFP)*

BOOKS

REALITY AND DREAMS

By Muriel Spark. 160 pages. $22. Houghton Mifflin.

Reviewed by Michiko Kakutani

HERE is the recipe for a typical Muriel Spark novel: Take a self-enclosed community (of writers, schoolgirls, nuns, rich people, etc.) that is full of incestuous liaisons and fraternal intrigue; toss in a bombshell (like murder, suicide or betrayal) that will ricochet dangerously around this little world, and add some allusions to the supernatural to ground these melodramatics in an old-fashioned context of good and evil. Serve up with crisp, authoritative prose and present with "a light and heartless hand."

At her best, Spark has used this recipe to produce some wonderfully comic-metaphysical entertainments, novels like "Memento Mori," "The Prime of Miss Jean Brodie" and "The Comforters," which are not only wicked and witty, but also resonate disturbingly in the reader's mind. Unfortunately, in her weaker novels — among which her latest, "Reality and Dreams," must be counted — these same ingredients result in spindly, attenuated fictions, peopled by cardboard crackpots, pulled hither and thither like puppets by their serenely tyrannical creator. In these books, the author's twisty, improbable plots feel implausible and contrived; her poised authorial manner, peremptory and pinched.

In terms of simple plot mechanics, "Reality and Dreams" recalls several earlier Spark novels like "Loitering With Intent," "The Comforters" and "The Only Problem," in which parallels are drawn between art and life, between the fictional dilemmas dreamed up by a writer and the inventions of God or fate.

A film director, one Tom Richards by name, is an arrogant, controlling man, who lives in a huge house in Wimbledon with his wealthy, indulgent wife, Claire. Tom has two children: Cora, a beautiful girl born to Tom's first wife, Katia; and Marigold, his not-so-beautiful daughter with Claire. Cora is solicitous and charming; Marigold is sullen, pedantic and crude. The strongest bond these days between Tom and Claire is their shared suspicion and resentment of Marigold.

While directing his latest film, "The Hamburger Girl," Tom falls off a crane, breaking his hip and a dozen ribs. Convalescence gives him a chance to survey his life. Everywhere he looks, there seems to be trouble. Cora's husband, Johnny, has been "declared redundant at his job" and has disappeared to India with his severance pay. Marigold's husband, James, a travel writer, is also roaming the world, presumably to avoid his sour wife. And James's older brother, Ralph, has lost his job as well.

Things grow even more complicated when Tom returns to finish "The Hamburger Girl" and begins work on a historical epic. Jeanne, the young actress who plays the Hamburger Girl, bitterly complains that her part is smaller than that of Rose, an actress with whom Tom has been having an affair. Rose, it turns out, has also been cheating on her husband, Kevin, with Cora's husband, Johnny, while Kevin has been hanging out with Marigold, who seems determined to stir up trouble among everyone.

To top things off, Marigold suddenly disappears. Is it suicide? Murder? Or a plot cooked up by Marigold to make her family feel guilty and distressed? Is the absent Marigold behind a botched assault on Tom's best friend? Or are such suspicions just another instance of the prejudice that this ungainly woman has suffered all her life?

As so often happens in Sparkland, the specter of evil — real, unaccommodated evil — raises its ugly head, and soon seizes control of the plot. The problem is, there is no countervailing sense of virtue or innocence or compassion in this novel, and as a result, it's hard for the reader to really care about who or what is behind the story's violent end.

As usual, Spark gives us no insight into the psychology of her characters or their motives. This time, however, her delineation of the outward circumstances of their lives feels attenuated as well. She makes only the most perfunctory effort to satirize the film business (which would seem to offer a juicy target for her unforgiving eye), and she is equally lazy when it comes to filling in the sort of narrative details that might make her rickety plot marginally convincing.

From that masterly confectioner of malice and mayhem: a half-baked production that's neither enjoyable nor filling.

Michiko Kakutani is on the staff of The New York Times.

CHESS

By Robert Byrne

IN the sharp Keres Attack with 6 g4 against the Scheveningen Variation of the Sicilian Defense, the majority opinion is that White should follow 6...h6 by the immediate 7 g5 or by 7 h4 and 8 Rg1 first. The alternative that Bologan used in this game, 7 h3, takes a less hurried course.

Supposedly, after 10...Nd4 11 Bd4 e5 12 Be3 Be6, Black has the slightly superior prospects because, while the white king bishop has no other function than to protect the e4 pawn, the black queen bishop bears on the queenside where white will castle.

After 13...Rc8, Yermolinsky threatened a sacrifice of rook for knight with 14...Rc3!? 15 bc Qa5 to break up the White king position and thus create the conditions for a mating attack. His hand forced, Bologan sailed in with 14 Nd5, after which the exchange 14...Bb5 15 ed protected the d6 pawn from frontal attack.

In playing 15...Nd7, Yermolinsky was following the formula of exchanging White's better bishop with ...Bg5 and ...Be3 and emerging into an endgame in which his knight would be superior to White's light-squared bishop. But after 16 Kb1, he might have developed with 16...Nc5, which, good in its own right, also avoids the disadvantage of putting his king so early on the kingside.

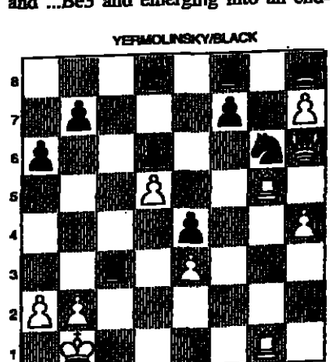
Bologan started his mating attack briskly with 18 h4!, and if the pawn sacrifice had been accepted with 18...Bh4, he would have created a powerful onslaught with 19 Rdg1 Bg5 20 Bg5 Qg5 21 Rh5 Qe7 22 g5.

On 23 gh, Yermolinsky could not take the bishop with 23...gf because of 24 Qg2 followed by mate.

Bologan's 24 Rdf!, with a threat of 25 Bg6!, destroyed the defense.

After Bologan's 27 Rg5, it was impossible to play 27...f6 because 28 Rg7! decides the game. Thus, 28...Rg8 29 Rhg1 R8g7 30 hg Kg8 31 Qh8 wins the queen. And 28...Qe8 29 Qe8 Re8 30 Rc7 wins a rook.

After Yermolinsky's 30...Rc3, Bologan paid no heed to his opponent's possible counterattacks but charged ahead with the crushing 31 h5! On 31...Rc7 32 hg fg 33 Qg6, there was no answer to his threat of 34 Qg8! Yermolinsky desperately played 33...Rh7, but he gave up without awaiting the reply 34 Qh7! Kh7 35 Rh5 mate.



Position after 30 ... Rc3

SICILIAN DEFENSE

White Bologan	Black Yerm'sky	White Bologan	Black Yerm'sky
1 e4	c5	18 h4	Be3
2 Nf3	d6	19 fe	Nc5
3 d4	cd	20 Bf5	Rc7
4 Nd4	Nf6	21 c3	e4
5 Nc3	e6	22 g5	g6
6 g4	h6	23 gh	Qf8
7 h3	Nc6	24 Rdf1	gf
8 Be3	Be7	25 Qh5	Kh8
9 Bg2	a6	26 Rf5	Qd8
10 Qe2	Nd4	27 Rg5	Nd3
11 Bd4	e5	28 Rhg1	Ne5
12 Be3	Be6	29 h7	Ng6
13 0-0-0	Rc8	30 Qh8	Rc3
14 Nd5	Bd5	31 h5	Rc7
15 ed	Nd7	32 hg	fg
16 Kb1	0-0	33 Qg6	Rh7 and Resigns
17 Be4	Bg5		

EMU: *Plans for Single Currency Among the Losers in French Vote*

Continued from Page 1

runoff, it will have lost much of its mandate to seek the social sacrifices necessary to squeeze the budget deficit to meet the fiscal benchmarks for the project, analysts said.

The French clearly have indicated that they are uncomfortable with the sacrifices required for monetary union, said J. Paul Horne, chief economist at Smith Barney in Paris.

During the campaign, Lionel Jospin, the French Socialist leader, repeatedly questioned the rigor of the Maastricht treaty criteria for monetary union. He called the "stability pact" on deficit control after the launching of the new currency an "absurd" concession to Germany by France's governing coalition.

Among the reasons why President Jacques Chirac called the early election was his hope of winning a mandate to push through the tough economic measures ahead of the single currency.

The Socialists are in favor of the single currency, but called the stability pact too rigid and opposed the continuing fiscal restraints it would entail. The Communists oppose the Maastricht treaty.

More broadly, France's reluctance to tighten its belt comes at a time when Germany faces domestic political difficulties that could weaken its resolve to pursue budget savings to meet the currency criteria.

Taken together with the difficult outlook in Germany, where the government is struggling to revalue Bundesbank gold reserves, possibly raise taxes and freeze spending in order to meet single currency conditions, Europe's confidence about launching the euro in 1999 had slipped substantially by Monday.

Eric Chaney, a former French Treasury official and senior economist at the Paris office of Morgan Stanley, noted that even if the center-right manages to reverse voter sentiment and achieve a modest victory next week, any French government will probably have to water down austerity measures, which could produce a weaker euro.

"The protest vote was so strong here," said Mr. Chaney, "that the ruling French coalition, whichever party wins, would have to say to other European leaders, 'We have a problem in France. We will need more growth because there is a risk of social explosion in France.' And the conclusion of the markets would then be that the euro will be weaker than expected."

The reasoning of Mr. Chaney and other economists was that if the right wins Sunday, it will still have to face potential street protests in France. If the left wins, Mr. Jospin could have a problem with his coalition partners, the anti-Maastricht Communists, who would be unlikely to approve a tough 1998 budget. If the Socialists were to form a government without the Communists, then the Socialists might even need the help of the center-right to pass a budget, and that could paralyze France's ability to stick to fiscal discipline. "Whatever happens next Sunday," Mr. Chaney said, "markets will draw the conclusion that the euro will be different from what they thought before the French election."

He said the possible scenarios ranged from France's reaffirming its commitment to the euro but pursuing a more pro-growth policy that weakens the franc and eventually produces a weaker euro to the most extreme case in which monetary union might have to be delayed or could collapse.

The euro, if launched as a soft currency, will have a "birth defect," said Holger Schmieding, economist in Frankfurt at Merrill Lynch.

The austerity debate already began to shift two weeks ago when the German government abandoned its desire to meet the currency criteria through unpopular spending cuts.

Instead, the Bonn government plans to lower its deficits through such one-time measures as the revaluation of Germany's gold and currency reserves and the selling of further stakes in the national phone company. That leaves the two most critical partners in the project with a diminished mandate to demand sacrifices for monetary union.

Socialists Consider Steps to Block Far Right

Reuters

PARIS — The opposition Socialist Party said Monday it might withdraw one or two candidates from next Sunday's parliamentary election runoffs to help block the election of far-right National Front candidates.

Pulling out candidates, under an informal pact among mainstream parties to derail the anti-immigrant Front, would probably hand seats to the center-right government in the runoff and weaken the left's chances of gaining control of the National Assembly.

JUPPE: *After Election Setback, Prime Minister Says He'll Resign*

Continued from Page 1

scrape through the runoff ballot next Sunday with a big enough lead to form the government.

That will be an uphill battle, analysts said, after the first round of voting gave 42.10 percent to the leftist alliance of Socialists, Communists and Greens against 36.16 percent to the outgoing coalition of Mr. Chirac's Gaullists and the centrist Union for French Democracy, along with affiliated splinter parties.

The momentum of the Socialists is stronger than their numerical advantage because they can expect to capture votes from the center in the runoffs, a situation in which conservatives are at a disadvantage because of the strong showing of Jean-Marie Le Pen's National Front.

The National Front holds the swing vote after polling 15.09 percent, a record for Mr. Le Pen's party in parliamentary elections and enough for the Front's candidates to enter the runoffs in 133 districts of the 566-seat Parliament.

These gains, enough to suggest that the front is close to becoming the second largest conservative party behind the Gaullists, reflect a widening national presence of Mr. Le Pen's party. As a result, the extreme right may be more reluctant to shift support to mainstream candidates.

"There is now a 'second right' in France, a national movement that opposes European integration and has an ideology hostile to the classic parliamentary conservative bloc," according to Denis Jeambar, editor of L'Express, the weekly news magazine.

Long seen as a refuge for extreme rightists, doctrinaire racists and anti-immigrant groups, the Front was mainly centered in the Marseilles area, where feelings run high against Algerian immigrants, and in Alsace, where the Front is often seen as the party of law and order. Nationally, among the unemployed, one voter in three now votes for the Front, and it appeals to growing numbers who resent what they see as a cabal among the two mainstream conservative parties and the Socialists.

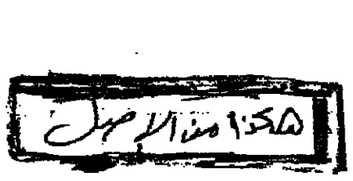
Indeed, all three parties agree to some extent on the need to promote the French elite, cover up political corruption and edge France toward European integration. But Alain Duhamel, a respected commentator, said Monday that the center-right had opened the way for inroads by the Front by failing to field a new generation of leaders and blurring its own ideological edge in a bid to cling to power.

So far, the Front's gains do not guarantee any parliamentary seats, and Mr. Le Pen said Monday that he would use his candidates to target individual conservatives who have been outspoken opponents of the Front.

But some officials want the Front to seek deals offering a handful of seats. Bruno Megret, deputy leader of the party, said, "What we want is to win enough parliamentary places so that nothing can be done without us."

Apparently leaving the door ajar to local alliances, some conservatives, including Nicolas Sarkozy, a former minister, said Monday that the center-right should avoid any pact targeted against the Front.

Sensing that Mr. Chirac will want to reach over the heads of the Front's leaders to draw voters, speculation about potential new prime ministers centered on Philippe Seguin, who has gained political visibility in four years as speaker of Parliament. A proven vote-getter, with the human touch that Mr. Juppe so conspicuously lacked, Mr. Seguin might be anointed, in some indirect manner, by Mr. Chirac this week — in time to affect Sunday's voting.



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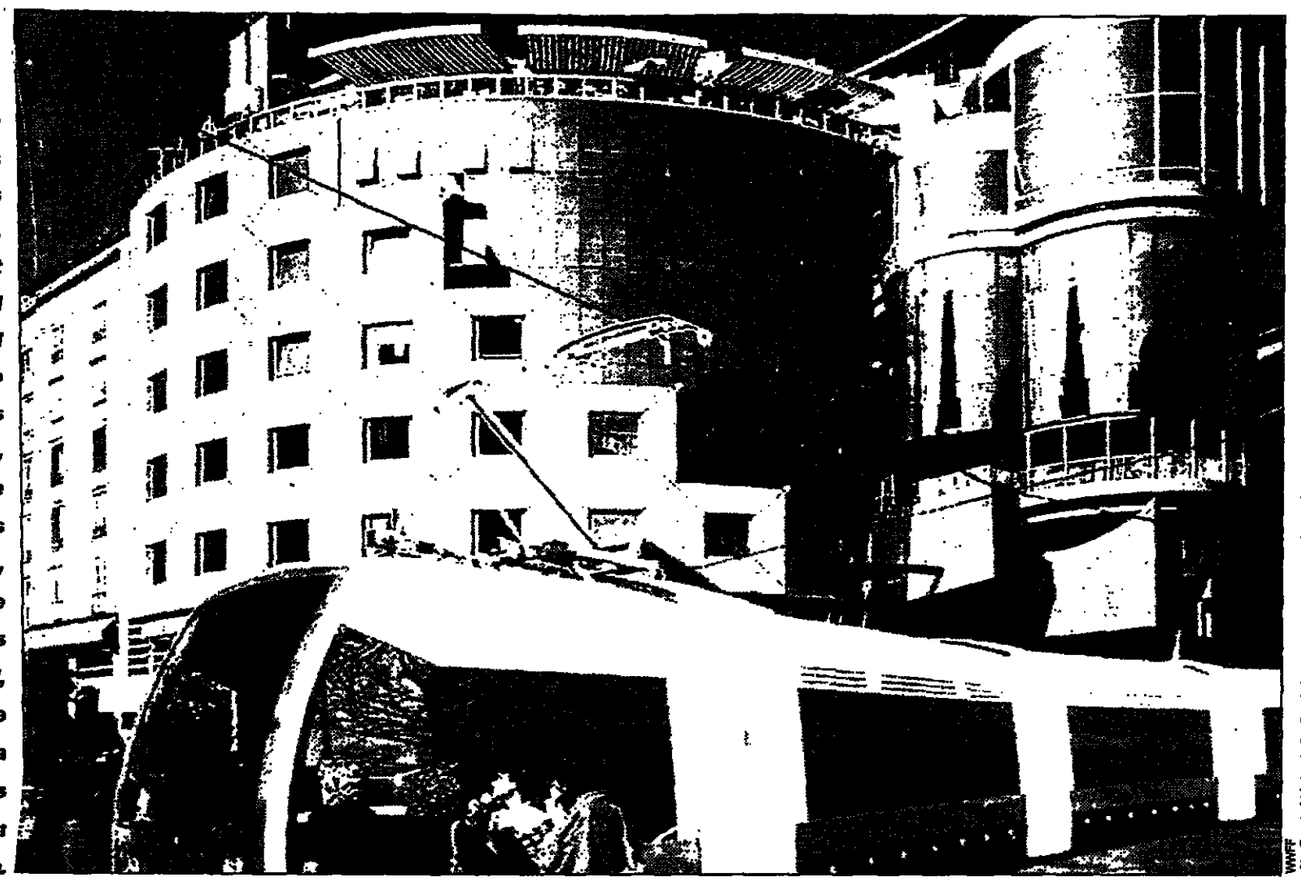
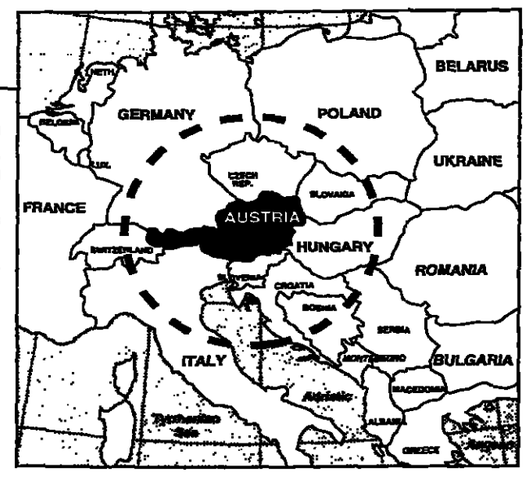
INVESTING IN AUSTRIA



Throughout its history, Austriahas served as a crossroadsfor peoples and cultures. Today, over 2,500 multinational corporations benefit fro the country's skled workforce, attractive investment incentives and sophisticated infrastructure to do businesswith Austria's neighbors — to the east, of course, but also to the westInternational visitors and sidents, meanwhile, ke advantage of the county's unique offerings in terms of cultural, sporting and leisure ativities, as well as a we range of services deigned to make them feest home in Austria.



A Message From Chancellor Viktor Klima

DAVID HERMGES

Austria has a special mix of competitive advantages that offer highly attractive investment opportunities for foreign companies. One of them is its central location as a gateway between Eastern and Western European markets, providing access to 800 million consumers. Its historical connections and experience in doing business in Central and Eastern Europe have made Austria an especially attractive base for headquarters for these emerging markets.

Our country is widely regarded as one of the most stable economies in the world, with high productivity, low inflation and interest rates, a high savings rate, a rock-solid currency and a strike rate that has been among the lowest worldwide for years. Austria has a unique system of cooperation between business and labor, called social partnership, that is the basis for this stability. Perhaps most importantly, Austria's workforce is one of the best educated, most skilled and most productive in the world.

For all of these reasons, it may come as no surprise that Austria is already the home base for more than 2,500 multinational companies, and — probably because of their positive experiences — many have expanded their operations in Austria in recent years.

The Austrian government knows, of course, that competitive advantage is something that cannot be relied upon. We are therefore striving to improve our infrastructure, provide even better qualifications for our workforce and upgrade R&D facilities. We are confident that, thanks to these efforts, Austria will remain an attractive place to do business in the years to come.

Homegrown Corporations Are on the Cutting Edge

Austria's dynamical company being active in 50 or more national markets. The non-Austrian companies, therefore, experience the SMEs as capable competitors. They also encounter the Austrians as suppliers of high-impact products showcased at international trade fairs

"This first-hand encounter with our country's SMEs stands in stark contrast to the situation in Austria," he adds. "As these companies are often quite publicity-shy, and as their products are supplied through well-established, low profile channels, little is generally known about the SMEs in their home country."

Austrian SMEs already have regional distribution networks in place and profit from the country's relatively favorable rates of corporate taxation. Since foreign companies often lack such networks and are looking for low-tax locations, they are prepared to pay a premium price for companies offering both. These tax advantages also make the SMEs suitable candidates for holding companies coordinating international activities, points out Erich Baier, a Vienna-based expert on taxation.

Says Brigitte Ederer, a noted financial expert and Vienna's municipal councillor in charge of finances: "I think the difference in the level of interest between the domestic and non-Austrian sectors also lies in the depth of their respective capital resources. If you look at the foreign companies investing in Vienna's SMEs, you'll notice that they are all strongly expansive or strongly rooted corporations with large war chests for acquisitions.

"The foreigners are looking to acquire demonstrably solid performers. There really aren't all that many in the world — and there are lots of them in Vienna," Ms. Ederer adds. "Many of Vienna's sought-after small-sized companies are service and product providers in the ICT [information and communication technologies] and biotech and medical sectors. They were often founded in the 1980s and have grown steadily during that time, going international in the process. That's a pattern that the Americans especially feel very familiar and comfortable with."

Niche players

One example is Salzburg's TakeFive software company, founded in 1992 by several local software engineers and now one of the world's leading suppliers of STOP (software for tracking and object-oriented platforms) tools.

TakeFive's SNiFF programs are now used by everyone from Ericsson to AT&T for the integration of previously incompatible operating platforms, the creation of new ones for software development teams and the management of old and new software codes.

TakeFive was taken over by the U.S. company Integrated Systems in 1995.

Critics claim that TakeFive is very much an exception in Austria.

"I think that such companies as TakeFive or Vienna's own Pixelwing are always exceptions," says Klaus Fischbacher, head of the Wiener Wirtschaftsförderungsfonds GmbH (WWFF), Vienna's business development agency. "Even America only has one Microsoft. But I think for every TakeFive, there are hundreds of unsung companies, either newly founded or recently re-engineered, that are successfully filling a niche on the world markets."

Ms. Ederer adds: "These niches are often in highly technical areas, and that's one strong reason why our SMEs' accomplishments often go unrecognized. In Vienna, we have a number of

Continued on page 13

Look to the West, Look to the East

As a small, landlocked country near the center of Europe, Austria necessarily relies for its economic prosperity on cultivating and maintaining good relations with neighboring states.

From Vorarlberg in the extreme west to Burgenland in the east each of the nine federal provinces has developed promotional campaigns and incentives to attract investors.

Quality of life

As chase would have it, business promoters in Bregenz and Eisenstadt, the capitals of Vorarlberg and Burgenland, have come up with almost identical slogans: respectively "Work where others come to relax" and "Work where others take a holiday." Though both locations share a great potential for tourism and an unfulfilled industrial capacity, in other respects their situations differ considerably.

Mountainous Vorarlberg — whose rich neighbors include Switzerland, Liechtenstein and Germany — once had a prosperous textile industry, which almost entirely collapsed in the face of competition from East Asia in the early 1980s.

Mainly low-lying Burgenland was, until 1989, a neglected outpost of the West, sharing a closed Iron Curtain border with then-Czechoslovakia, Hungary and Slovenia. Wine-growing and bird-watching provided a hardly viable economic basis for one of the most historically interesting regions of the country.

The resulting emigration of jobless Vorarlbergers and Burgenlanders (many of the latter had already departed in droves to the United States in the 1920s) was reversed by two projects: a broad campaign to promote education and technology in the West, and a concerted effort in the East to open up to the "reform countries."

Austrian Chancellor Viktor Klima, one of whose goals is to reduce unemployment, acknowledges that it is impossible to prohibit outsourcing in every sector.

"One of the criteria for employment in Europe, he says, "is to produce more 'intelligent' products, which enable us to keep our high standard of salaries and high standard of living in Austria. A focus on research and development is equally necessary for blue-collar and white-collar workers

Continued on page 10

The best address is useless, if everything else goes the wrong way.

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Grundig Austria Ges.m.b.H. One of the largest and most modern TV production plants in Europe

McDonald's Central Europe Vienna is headquarters of the company's Central European operations.

Vienna has always been a profitable location, as shown by the continued global success of numerous companies headquartered in the Danube city before the turn of the century.

Ready access to a highly qualified workforce, proximity to the new democracies in Eastern Europe and cultural understanding of these markets make Vienna an attractive centre for production and trade. Reason enough for many international corporations to establish their Eastern European headquarters in Vienna. Times have changed – yet Vienna never loses its appeal.

Should you have queries or require any information on Vienna as a business location, please contact the Information Centre of the VIENNA BUSINESS PROMOTION FUND.

A-1082 Vienna, Ebendorferstrasse 2
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VIENNA BUSINESS PROMOTION FUND

INVESTING IN AUSTRIA

BANKING ON HIGH-TECHNOLOGY

Vienna and the Vienna Region offer prime business locations and services to innovative companies.

Austrian philosopher Leopold Kohr's theory that "small is beautiful" could well be applied to the Austrian capital. Businesspeople from New York, London or Paris soon appreciate the advantages of what essentially remains a large town with human dimensions.

For the municipal managers, however, there was a limit to the attractiveness of small size, and two years ago Vienna entered into a loose alliance with the surrounding province of Lower Austria and with nearby Burgenland to form the Vienna Region.

The potential synergies are obvious. Vienna has limited real estate at its disposal but possesses highly qualified workers, and the agreement allows it to benefit from the wide-open spaces of Lower Austria. Burgenland, hitherto an underdeveloped region with lower-than-average wages, can market its services on a par with its big business brothers on the Danube.

The Vienna Region remains a mere thumbnail on the map of Central Europe, but it has proven its attractiveness to foreign investors. This applies especially to enterprises in what could broadly be described as the high-tech field. For them, each of the three sectors of the Vienna Region has its own contact agency.

The not-for-profit Vienna Business Promotion Fund (WWFF) acts as an information service for companies seeking to relocate in the Austrian capital. It has experience in developing its own property sites, mainly, but not entirely, for small and medium-sized enterprises.

Its latest project in the technology field is the Schmelz Solar Center, due for completion in early 1998 but already partially in operation. Around 6,000 square meters of workshop and office space is available for companies specializing in the production and installation of solar cells, low-energy houses and alternative heating devices. Small, low-rent apartments are also being constructed on the same plot.

In a private-sector development, a Viennese company, Neutronics — formed as a joint venture between Sandaplast B.V. of Amsterdam and the Austrian subsidiary of multinational Philips — is carving a niche for itself in Europe's expanding contract manufacturing industry. The company claims to achieve globally competitive prices by combining West European management style with the lower labor and infrastructure costs available in Vienna — because of its proximity to the CEE — in this case by manufacturing components in Hungary.

Diamond DA 40 very-light aircraft, made in Austria.

In recognition of its role in the technology field, the city of Vienna is proud to have been chosen as the seat of a public/private partnership within the EU's PHARE program. The TINA (Transport Infrastructure Needs Assessment) office will soon start work here as the central planning department for Trans-European Networks extending into Central and Eastern Europe.

Lower Austria is represented in the grouping by the ECO Plus agency (this year celebrating a quarter-century in regional development), which operates more than seven business parks of various kinds within the province, providing a home for no fewer than 360 Austrian and foreign companies. Near the historical city of Wiener Neustadt, a 500,000 square meter Industry Park unites the high-tech activities of a Regional Innovation Center (RIZ), in cooperation with the Stuttgart Steinbeis Foundation, an Environmental Technology Center and several modern production plants, the latest addition being Sweden's Perstorp Plastic Systems.

An established member of the Wiener Neustadt roll call is Diamond Aircraft Industries, which produces motor-gliders and Very Light Aircraft. In 1996, it became the world's market leader for single-engine fun-flying aircraft; well over a thousand units have already been delivered. The Diamond range includes the Super Dimona HK 36 for towing sailplanes of up to 600 kilograms and the new Katana DA 40, a four-seater, both of which are powered by Rotax engines.

Demand is growing so rapidly that a subsidiary plant has now been opened in London, Ontario to serve the North American market. Also located in Lower Austria, in Seibersdorf, is the federally funded FZS (Forschungs-Zentrum Seibersdorf), which specializes in telematics and materials technology. Although FZS covers 56 percent of its operating expenses from R&D contracts, it is inevitably a loss-making body and is threatened with cut-backs resulting from the government's austerity program.

The Regional Innovation Center at Wiener Neustadt Industry Park.

Less well known as a location for high-tech companies, but catching up rapidly, is Burgenland. Its ViBAG (business Service Burgenland) provides the necessary services for would-be investors. While Burgenland's USP (unique selling point) is that it provides an optimal East-West business link thanks to its location on the easternmost fringe of the EU, technology is becoming increasingly important to the area.

Eisenstadt, the capital, is in the final stages of building its own Technology and Research Center (due to open in November 1997), which will be linked by a dedicated fiber optic communications network with all seven other business and industry parks in the province, from Kittsee in the north to Pinkafeld in the south. Already operating in Eisenstadt is the L.M.S. Dental Laser Center, which has benefited from specialist cooperation from St. Petersburg in Russia. Burgenland also plans to provide facilities for scientists from Central and Eastern Europe to do applied research under favorable commercial conditions in Eisenstadt.

Vienna's — and the Vienna Region's — strategy as an eastern outpost of the EU has proved advantageous so far, but what will happen when the countries of Central and Eastern Europe are ready to join the Union? Lothar Fischmann of Vienna's Foreign Relations Department says that the city's eyes and ears are keenly attuned to the situation. Representatives are already on the spot in Prague, Bratislava, Budapest, Ljubljana, Zagreb, Sarajevo and Belgrade, watching for opportunities for business and cultural partnerships.

David Hermges

LOOKING WEST AND EAST

Continued from page 9

because they then make products that can be exported globally."

Mr. Klima believes that Austria must contribute to improving living standards in Central and Eastern Europe because of the benefits inherent in developing the huge potential markets there.

Quality campaign

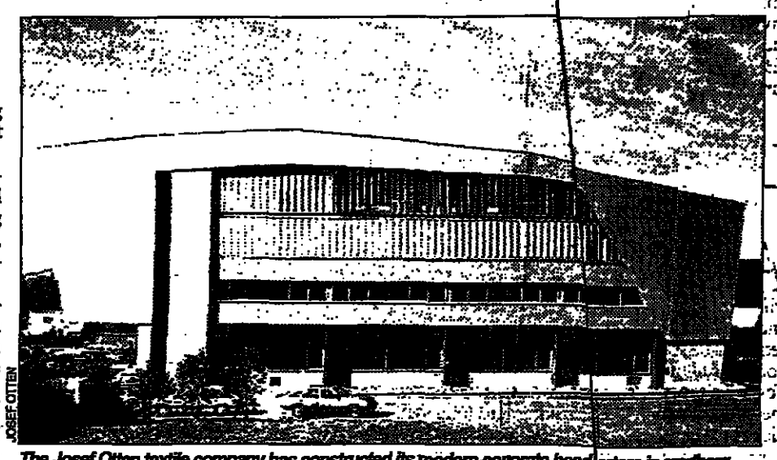
In Vorarlberg, this type of quality campaign is already paying off handsomely. Major German and Swiss enterprises — including such international names as Hirschmann (antennas), Liebherr (cranes) and Hilti (construction fitting equipment) — have relocated to the province. The Swiss chocolate firm Suchard has also found a soft-center gateway to the European Union by opening a factory in Vorarlberg.

Austrian textile manufacturers have regrouped, and Vorarlberg is now home to such renowned names as Wolford (hosiery), Hubers (body stockings) and Josef Otten (designer dress materials).

Cooperation in the reverse direction, from the Austrian province to other shores of Lake Constance, known as the Bodensee, is also picking up, particularly in the tourist sector.

This includes the two German states of Bavaria and Baden-Württemberg, along with five Swiss cantons and, by a slight stretch of geography, Liechtenstein.

Austria's small Rheintalflug airline uses St. Gallen airport just over the border in Switzerland for its thrice daily connexion to Vienna, and last month, under the EU "Open Skies" arrangement, started offering an already-popular six-day-a-week flight service from lakeside Friedrichshafen in Germany to Berlin.



JOSEF OTTEN

The Josef Otten textile company has constructed its modern corporate headquarters in Vorarlberg.

Burgenland is an Objective-1 NUTS (Nomenclature des Unités Territoriales Statistiques) region, which means the province is entitled to the highest rate of financial assistance under EU rulings. Trans-border contacts are improving, but slowly.

Crossing borders

A significant exception is the Lake Neusiedl National Park, whose territory is shared between Austria and Hungary. The park has already been accorded the coveted IUCN (International Union for the Conservation of Nature) recognition and is proving to be a significant tourist attraction.

An even more ambitious three-country accord in the same vein is planned for this year at the Raab-Öseg-Goricko national park, which brings together Austria, Hungary and Slovenia on the frontier south of the Lafnitz river.

In the business sector, the most significant cross-border projects is located at Heiligenkreuz, where an industrial park has been created immediately adjacent to Szentgotthard in Hungary, not far from Slovenia.

While General Motors quickly realized the significance of this location and started producing Opel Vectra cars here in the Hungarian sector as early as 1992, progress on the Austrian side has been slower, although there has been some development.

Lenzing, the world's largest manufacturer of viscose fibers, recently began to produce Lyocell fibre, using leading-edge environment-friendly technology. Vossen (textiles) and Domtal (a GM component supper) have also built plants in the industrial estate.

Another scheduled cross-border site, the Intr-City Office and Business Park at Kittsee, while approaching developmental completion on the Austrian side, has completely stagnated on the Slovak side. No date has been set for its joint inauguration.

Meanwhile, in an effort to cream off some of the trans-border shopping tourism created by Viennese seeking bargains in the Hungarian town of Sopron, BAA McArthur Glen, a British-based company, is constructing Austria's first Designer Outlet Village at Pandorf in Burgenland. It will be located right next to the East Motorway to Budapest and will be easily accessible from Bratislava in Slovakia. **D.H**

welcome to europe

Tyrol has a lot to offer businesses:
A vigorous economy, international infrastructure, world-class financial and economic services, highly-qualified workforce, trade and industrial parks, a central location in Europe, an efficient infrastructure and high standard of living.

Vigorous economy:
Tyrol is not only a province of natural beauty and tourism. Tyrolean businesses are establishing strong footholds in international markets, exporting more than 50% of total production. A dynamic economy is backed up by heavy investment and high productivity levels.

An international infrastructure:
The international highways „Inntalautobahn E60", „Brennerautobahn E45", as well as others, connect Tyrol with other European centres. Tyrol occupies a strategic location for passenger transport and international commodity traffic. The same applies for the railway network, and Innsbruck international airport offers connections to all of Central Europe's airports.

Highly level of training:
Training standards are extremely high. The region boasts nine schools of engineering, 10 commercial colleges, the University of Innsbruck and a variety of training and further education institutes providing a high level of education in the Tyrolean workforce.

Tyrol in numbers:

Surface in km²:	12.647
Inhabitants:	654.000
No. of households:	231.100
No. of businesses:	32.085
Employees:	251.820
Capital:	Innsbruck

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AUSTRIA

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Tech-Tirol Technology Center Innsbruck

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INVESTING IN AUSTRIA

A guideline prepared by Preslmayr & Partners and Auditor.

Second, completely revised edition (November 1996).

Introduces potential foreign investors to the Austrian legal and tax system and offers an overview on the law as relevant for foreign investors already active in Austria.

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INVESTING IN AUSTRIA

BRAIN POWER AND FINANCIAL INCENTIVES

The Austrian Business Agency offers tailor-made assistance to investors.

"Thank goodness we have no mineral resources. What we do have are brains, manual skills and diligence," says Austrian Minister for Economic Affairs Hannes Farnleitner. One of his main concerns is creating a climate conducive to foreign investment in Austria without squandering irreplaceable raw materials.

His department's steps in this direction are clearly taking effect. Brain power and hard work are paying off. Figures released by the Austrian National Bank show a record inflow of foreign investment capital in 1996, amounting to 40.2 billion Austrian schillings (S3.4 billion) — around 22 billion schillings more han in 1995.

Even when allowance is made for several one-time-only transactions such as the sale of a leading Austrian food retail chain to a German distributor and some commercial bank equity dealings, this remains an impressive figure.

The chief instrument in the ongoing campaign to attract desirable investment is the wholly state-owned Austrian Business Agency, which acts as a nationwide coordinator for all the country's diverse offerings for foreign investors.

Although the ABA has no real estate reserves of its own, it cooperates closely with the nine relevant provincial business promotion bodies, operating on a private basis and dealing with queries and complaints. The ABA's mission to assist investors translates into providing site-location and feasibility studies, start-up advice, and contacts with consultants from universities.

Financial, incentive and tax packages (including investment deductions of up to 12 percent and R&D allowances of 18 percent) can be tailored to meet individual needs.

The agency is able to cut through much of the complex federal red tape and simplify business set-ups. It is backed up by, for instance, the Vienna Region enterprise, which deals with the capital itself as well as the surrounding province of Lower Austria and nearby Burgenland.

This year, Mr. Farnleitner has taken over and streamlined the organizational structure of the ABA while increasing its operational budget. His goal is to use to the fullest Austria's abundant brain power. "I am insisting," he says, "that there should be no foreign investment without research and development in Austria. We are admittedly an expensive country, but one with an exceptionally skilled workforce that is geographically well situated and politically stable."

Mr. Farnleitner has obtained a promise from the government that 2-3 billion schillings will be set aside in the next budget to promote research. One-third of the first installment of 500 million schillings has been earmarked for a venture capital fund. Until now, this has been a largely neglected area, even though experience abroad shows that it can attract cosponsors who might put up three to four times the original amount of capital.

In a move to improve the business environment in general — and to make the country more attractive for foreign investors — the Social Democratic/People's Party coalition government is in the process of implementing steps that will eliminate or overcome existing hurdles.

More flexible working hours have been negotiated with labor unions, retail shopping hours are gradually being extended and trade authorizations will be simplified (as of July 1, 1997).

By the end of this year, the waiting period for location licensing will be reduced, according to Mr. Farnleitner, to a maximum of three months (with the possible exception of projects involving complex environmental compatibility checks, such as new airports). Essential infrastructure is often a major consideration for prospective clients, and the implementation of road and rail improvement schemes has accordingly been accelerated. Telecommunications is still lagging behind but should improve rapidly after deregulation in the sector takes effect in 1998.

D.H.

Hannes Farnleitner, Austrian minister for economic affairs.

REGIONS OFFER FLEXIBILITY AND DIVERSITY

The majority of Europe's 1,200 business development corporations vaunt their regions' central location, qualified workforce and high-capacity infrastructure, and these claims are generally justified.

Nonetheless, the similarity of their respective sales pitches has not escaped the attention of development corporation executives, who now restrict themselves to their region's USP (unique selling point) to turn investor interest into done deals.

A current sampling of USPs includes the largest number of "silicon investors" of any region in the European Union (Scotland) or in Continental Europe (Bavaria) or the longest working days (several countries in Southern and Eastern Europe).

The track records of Lower Austria and Tyrol indicate, however, that the most profitable way of selling the region involves the building of a wide range of facilities and detailed knowledge of local attributes and sites.

"Our experience has shown that today's international investors come with a long laundry list of requirements for their prospective facilities. Some of these requirements are highly individual and very particular," says Ursula Grabner, spokesperson for Eco Plus, the province of Lower Austria's business development corporation. "Fulfilling these requirements involves a great deal of innovativeness and plain luck."

Eco Plus must have both, because its list of international newcomers is impressive, as is the size of their investments. Among them are Perstorp, the Swedish manufacturer of plastics-based containers for the transport industry; Japan's Juki, one of the world's three largest producers of sewing machines; Atmosa, a Taiwanese company that processes special-purpose chemicals; and Magna International, a Canadian developer of automobile components and systems.

Magna's list was especially long, recalls Ms. Grabner. " In addition to the usual items, Magna was looking for a castle and a low-cost production site."

Based in Toronto, Magna employs more than 20,000 people at its 80 production and other facilities around the world. The company wanted to locate its headquarters for Europe, R&D facilities and other departments in the castle. It also wanted to produce at the low costs prevailing in Central and Eastern Europe.

Thanks to a bit of inventiveness and a stroke of luck, Eco Plus was in a position to meet both requirements. A castle stood empty in Oberwaltersdorf, a town to the south of Vienna, and the business development corporation had taken an equity stake in Gmünd Ceske Velenice business park, which straddles the Austrian-Czech border.

Magna is investing some $136 million in its new castle-cum-headquarters. Its press and stamping operations in Ceske Velenice extend over 30,000 square meters. Across the park (and the border), the office supervising the company's production facilities is located in Gmünd's center for corporate incubations and start-ups.

This strategy of "build the centers and the investors will come" has also been successfully employed by the province of Tyrol. Says Georg K. Motz, managing director of Tech-Tirol, the state's business development corporation: "Our objective has been to create or support technology centers and business and industrial parks capitalizing on each of our seven business areas' individual strengths and personalities. This has produced a selection of facilities covering a broad spectrum of sectors — and of investor needs."

T.S.

LOCAL BANKS, INTERNATIONAL REACH

At first glance, Austria's banking sector would seem a small oligopoly whose members all have their headquarters in Vienna. On top is Bank Austria, which, since its merger with Creditanstalt, controls just under one-quarter of the Austrian banking community's total assets. Impressive though it is, this widely quoted figure does not do full justice to Bank Austria's dominant position. Together, the two former rivals account for the lion's share of the country's merchant banking and loan syndication activities. They also form the country's largest savings bank.

Most of what's left in these key areas is handled by GiroCredit, which was acquired by the Erste Österreichische Spar-Casse Vienna in a deal related to the Bank Austria-Creditanstalt transaction, forming Austria's second largest banking group. Much of the rest of the country's general commercial and retail banking business is divvied up among the Postsparkasse (post savings bank), the Raiffeisen Zentral Bank (RZB) and the union-owned Bank für Arbeit und Wirtschaft AG.

Regional operations

As the country's banking experts are fond of pointing out, however, the relevant figures show that the vast majority of banking operations and decisions are carried out at the local level. Locally and regionally based credit unions, savings banks, building societies and other financial institutions make two-thirds of all loans and administer an equal amount of all savings, reports Austria's federation of banks.

This may sound like a flat contradiction of the "Big Five" situation described above, but it is not. Most local banks are incorporated into hierarchies of central organizations headed by such national players as the RZB, which serves and represents the 700 local Raiffeisen credit unions. Collectively, the RZB system accounts for 27 percent of the country's savings and one-fifth of its loans.

Within these hierarchies, the local banks have complete control over their day-to-day operations. These operations are impressive; the local banks had a total of $150 billion in outstanding credits as of the end of December 1996, according to the Austrian National Bank. Most of this capital has gone to local communities, much of it for the building of new business parks and office complexes, the founding of new companies and other, somewhat speculative ventures.

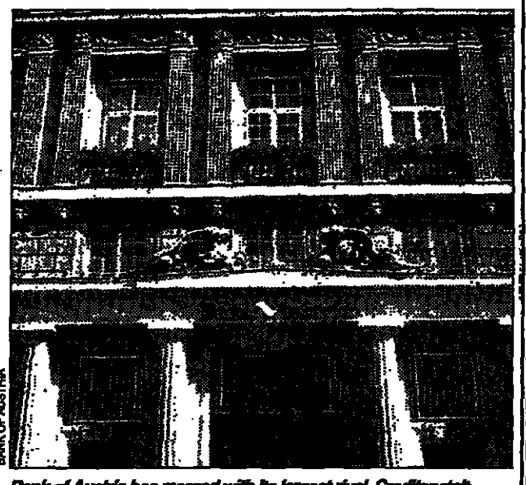
"These figures are why I've always taken this talk of a shortage of venture capital in Austria with a grain of salt," says Franz Zwickl, a member of Bank Austria's board of directors. "We may not have had dedicated funds in the past, although that's rapidly changing now, but we've definitely had a banking community highly open to new ideas and new kinds of projects. Logically enough, much of this provision of capital has occurred at the local level, where the banks have a tremendously detailed knowledge of their business communities and thus can evaluate the prospects of the individual companies."

Open-minded banks

"The banking sector's openness to new ideas strongly facilitated the transformation of Austria's economy in the post-World War II era," says Georg Bucher, senior spokesperson at GiroCredit. "The trick, of course, is to meld this openness and the great discretionary powers it entails with the properly rigorous risk management procedures. The successful banks — be they at the national or local levels — are the ones managing to do that."

The opening up of Central and Eastern Europe (CEE) and Austria's membership in the EU have driven this trend toward "going local."

"Each of our country's major communities — and none of them is more than 50 kilometers from an international border — has developed a vocation for serving 'its' foreigners," Mr. Bucher says. His words are buttressed by a common sight in Villach and Eisenstadt, Graz and Gmünd: a cluster of cars bearing Central and Eastern European license plates in front of local banks. Inside the banks are corporate executives and consumers depositing their capital in the bank and making use of its financial services. This inflow has given the local banks their potential capital backing. Many of the initial reasons triggering these business trips into Austria are disappearing. With the notable exception of the Hungarian forint, the currencies of the CEE region have been displaying a great stability of value. After weathering a number of storms, the CEE's national financial sectors seem to have found firmer footing, with many of their banks now offering sophisticated corporate and retail services.



BANK OF AUSTRIA

Bank of Austria has merged with its largest rival, Creditanstalt.

"The ties forged in the early 1990s remain, although they're changing direction," Mr. Bucher says. "Instead of serving as safe harbors for inward flows, Austria's local banks are now actively reaching outward into surrounding areas in Central and Eastern Europe, often offering their expertise in such things as electronic banking to their CEE counterparts."

Terry Swartzberg

LIVING IN AUSTRIA?

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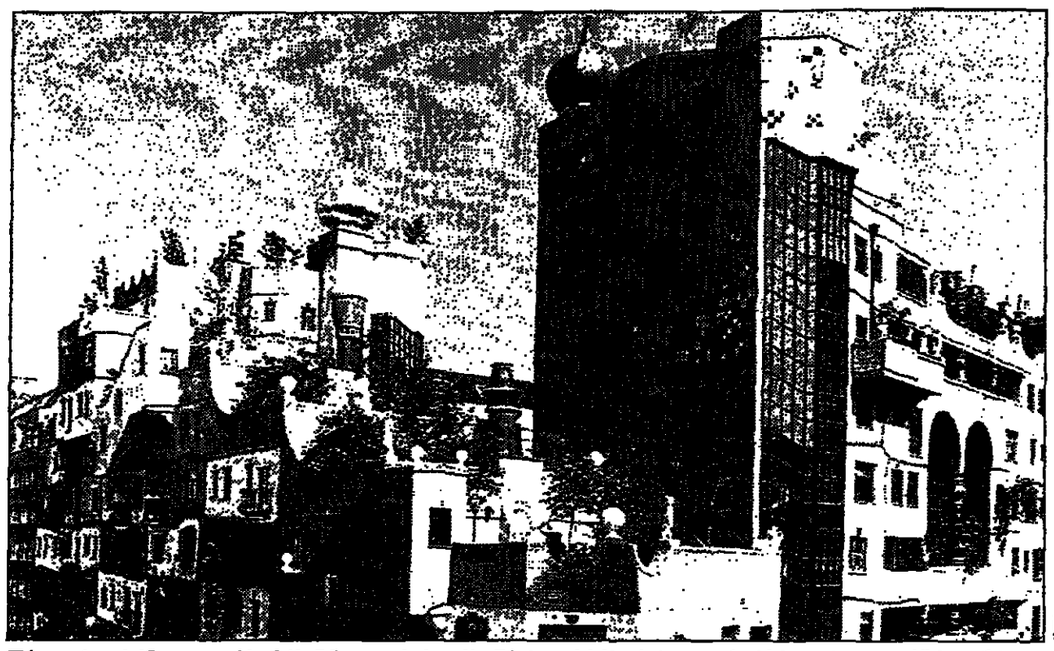
INVESTING IN AUSTRIA

CREATING PRIME REAL ESTATE

One of the most important activities in the real estate business — the creation and exploitation of prime locations — probably originated in Vienna.

Not surprisingly, it was the perennially cash-strapped Habsburgs and their predecessor dynasties who came up with the idea, according to Ortolf Harl, the city of Vienna's chief architect, who spends part of his time excavating and preserving the city's architectural heritage.

"One of the favorite ways for the medieval rulers to raise money was to build a new palace and move their court to it," says Mr. Harl. "As physical proximity to the court was an absolute must for the ambitious, they were forced to move, too, and to construct new mansions on property surrounding the palace, also in the possession of the crown."



WTV

This avant-garde Viennese residential building was designed by Friedensreich Hundertwasser, Austria's most renowned living artist.

Push to the periphery

Over the centuries, this succession of palaces moved progressively farther away from Vienna's original center. The result was the city's "push into the periphery," a trend furthered and exacerbated by ensuing waves of industrialization and population growth.

This "outward development" is common to all the world's cities, but the city government of Vienna has formulated policies that attempt to slow and counter the spread.

"This outward push is undesirable for environmental reasons, as it's predicated upon an ever-increasing use of land, which is a scarce resource in today's crowded world, and commuters have to cover more and more kilometers," says Brigitte Ederer, Vienna municipal councilor in charge of finances.

"Socially, it's important that capital and purchasing power be infused into the city's 'forgotten areas,' which are often centered around decommissioned industrial areas. The buildings in these areas often have great aesthetic and practical value, and thus represent an asset too good to be passed up," she concludes.

The city's redevelopment policies have focused on turning an out-of-commission artifact from the industrial past into an exciting hub for future development.

Old made new

The city's four Gasometers, built a century ago to store Vienna's coal gas, provide a good example. Long out of use, these four red-and-white brick structures have a Moorish look to them.

They are located in Simmering, a decidedly non-prime real estate district in the city's southeast, a neighborhood full of public utilities buildings, public housing complexes, and light industry and logistics centers.

The city of Vienna's plan is to revitalize the neighborhood by converting three of the Gasometers into apartment, office and retailing complexes, while the fourth becomes a venue for cultural events. Set to house 1,000 persons, the apartments will have the wedge shapes and whimsical juxtaposition of walls and doors made popular in the Vienna residential building designed by Austria's most renowned modern artist, Friedensreich Hundertwasser.

In another unusual touch, the spaces above the commercial and residential areas will be turned into vast conservatories.

Architecturally striking

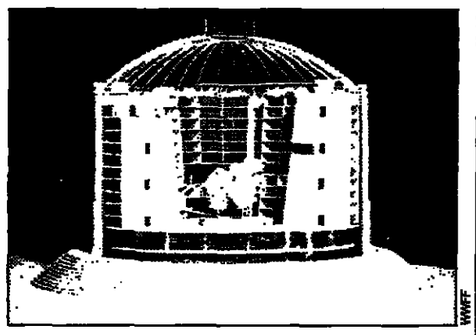
This inclusion of striking features is deliberate, says Ms. Ederer.

"The world's real estate market is replete with housing and office developments of an indistinguishable modernity. To be successful, a project requires something that makes it stand out from the rest, something that gives its resident companies and people the feeling of participating in an event, as it were," she adds.

The same approach is being used to rejuvenate the city's Guertel neighborhood, a collection of once-nondescript industrial buildings that house 200,000 people.

The project is centered around the trackways supporting Vienna's elevated railway, which runs through the neighborhood. Trendy stores and galleries are moving into the recently restored arch-shaped spaces under the trackway.

T.S.



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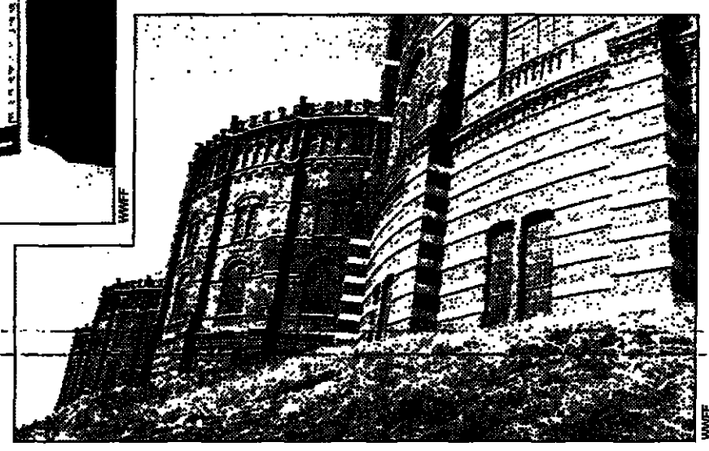


WWFF

Built in 1896-1899 to contain Vienna's coal gas supply, the four Gasometers (right), located in the Simmering neighborhood in southeast Vienna, are slated to be transformed into a vast commercial, business and residential complex that will also boast a venue for cultural events. As the architect's model above shows, the circular buildings will feature a central courtyard shaded by trees.

VIENNA'S INTERNATIONAL COMMUNITY

With its large and growing roster of foreign companies, international and nongovernmental organizations, foreign diplomats, educators and other expatriates, the Austrian capital is home to a remarkably diverse international community.

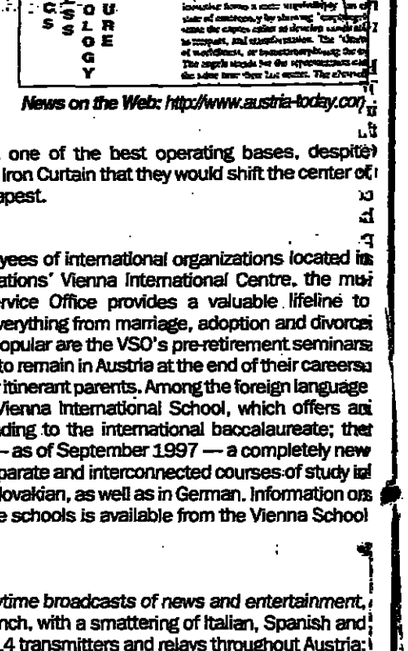
A network of municipal and private-sector services has emerged to respond to the daily needs of this community. It involves everything from professional and family life to news and entertainment. Here is just a sampling.

Business information

For international business people, the WWFF (Vienna Business Promotion Fund) is an indispensable source of information and assistance.

The WWFF publishes a particularly useful compendium entitled "Vienna Business Profile," an information and service handbook that is updated at least annually and contains a wide range of facts and figures for incoming entrepreneurs or established businesses.

To allow investors to keep tabs on the stock market, the Vienna Börse has just gone on-line — in English — with real-time values of the ATX, the Austrian Trading Index, as well as a selection of invaluable links to listed companies, at http://www.vienna-stock-exchange.at/



News on the Web: http://www.austria-today.com

In the news

Vienna has been a Central European hub for generations of journalists from West and East since the end of World War II. Their needs are served by the Foreign Press Association of Vienna, which recently celebrated a half century of existence. Nearly 400 accredited correspondents from 70 countries still seem to find Vienna one of the best operating bases, despite assumptions after the fall of the Iron Curtain that they would shift the center of their activities to Prague or Budapest.

Family life

For the more than 3,000 employees of international organizations located in the six towers of the United Nations' Vienna International Centre, the municipally sponsored Vienna Service Office provides a valuable lifeline to essential services concerning everything from marriage, adoption and divorce to driving permits. Increasingly popular are the VSO's pre-retirement seminars for foreign UN staffers who want to remain in Austria at the end of their careers. Schools are always a problem for itinerant parents. Among the foreign language choices in the capital are the Vienna International School, which offers an English-language curriculum leading to the international baccalaureate; the Lycée Français de Vienne; and — as of September 1997 — a completely new European Middle School with separate and interconnected courses of study in English, Czech, Hungarian and Slovakian, as well as in German. Information on these and other foreign-language schools is available from the Vienna School Service.

Cultural life

Blue Danube Radio provides daytime broadcasts of news and entertainment, mainly in English, but also in French, with a smattering of Italian, Spanish and Russian. The radio boasts over 14 transmitters and relays throughout Austria; in Vienna, the frequency is FM 103.8 MHz. A local English-language newspaper, Austria Today, is professionally produced and carries quality articles on the Vienna scene. It is currently published weekly, but plans to go daily, possibly next year.

For theater-goers, Vienna's English Theatre offers a steady stream of top-notch productions. Past world premiers held in the delightful rococo auditorium include "The Red Devil Battery Sign" by Tennessee Williams, and Edward Albee's "Marriage Play." The theater also offers occasional performances by visiting international companies in other languages.

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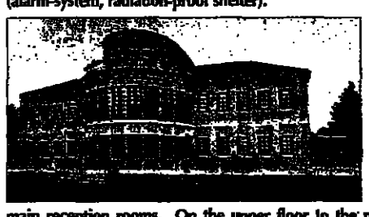
DREAM RESIDENCE, NEAR VIENNA

Only a few highway kilometers, from Vienna, one encounters a truly amazing property with approx. 700 sq.m. floor space. Erected in 1995, it incorporates all the latest technical and high-quality innovations (alarm-system, radiation-proof shelter).



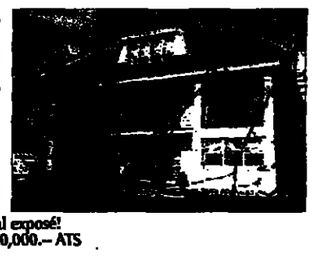
The large galleried entrance hall (atrium) with glazed gable-roof constitutes the heart of this dream villa. Through it, one reaches the winter garden, the terrace and the main reception rooms. On the upper floor to the north, there are rooms totalling 300 sq.m. for multi-purpose usage (offices); in the south wing, there is a suite, and to the west two further separate flats. All flexible combinations are possible. In the attic adjoining the sun-terrace, there is a guest apartment with a wonderful view.
On the ground-floor, arts and sports are uniquely combined: an auditorium seating 140 persons with all ancillary facilities (stage-manager cubicle, green-rooms) and a 180 sq.m. workout area with sauna, steam-bath and cold-dip with waterfall. A massage-room and Roman-style relaxation parlor complete the cosy atmosphere.
Two double-garages, several housekeeping rooms, a separately accessible flat and a 130 sq.m. bathing biotope in a large (approx. 1800 sq.m.), and very well-tended garden contribute to the luxurious character of this property. It is suitable for either private occupancy or for the existing company pattern.
With such a property as this, one can rightly claim that it would today be very difficult, probably impossible, to find anything of comparable quality.
Purchase price: 59,00,000.- ATS

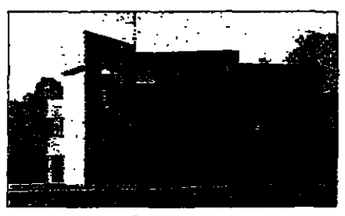
BURG FALKENSTEIN

Burg Falkenstein is a small, romantic, almost fairy-tale-like fortification nestling in the glorious panorama of the Mölltal valley at the foot of the Hohe Tauern National Park. It consists of the main building, the fortress tower, fortress walls, the defence galleries, inner courtyard and several ancillary buildings, and is in extremely good condition. The main building has three floors with altogether 245 sq.m. living area and comprises 5 bedrooms, two bathrooms, Knights' Hall (refectory), breakfast room, drawing room, kitchen, chapel and two storerooms. In the fortress walls, there are two more guest-rooms and other yet-to-be-completed rooms. A large sun-terrace offers a charming view of the valley and the surrounding mountains.
Immediately adjacent to the fortress, there is a modern country house with approx. 160 sq.m. of floor space on two floors (living room, 4 rooms, 2 kitchens, 2 bathrooms and all offices). An open fireplace and two terraces contribute to the splendid atmosphere of this property.
The real estate comprises altogether 12 ha of woods and meadows. The property as such is notable for its splendid location - 15 minutes to the highway, 30 mins to Millstättersee, close to Mölltal glacier.
Purchase price: 22,000,000.– ATS

TOP VILLA PROPERTY, VIENNA 18th DISTRICT

3-floor villa:
Ground floor: entrance, hall, living room with open fireplace, dining room with adjoining luxury kitchen, all offices, sauna, adjoining staff-quarters; from the living room, direct access to beautifully cultivated garden with outdoor pool.
1st floor: landing, two large bedrooms, glorious bathroom, walk-in closets and offices.
2nd floor: splendid living room with two balconies providing a view over Vienna guaranteed free of intervening building.
Property appointments: most modern construction technology, the most exclusive quality fittings.
Total real-estate: 860 sq.m.
Please apply for personal exposé!
Price (negotiable) 45,000,000.– ATS



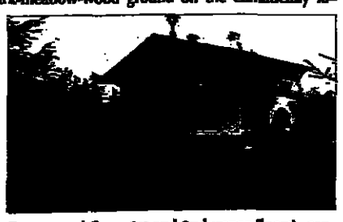


OFFICE BUILDING, EISENSTADT

Modern office block in excellent condition and best location near highway in EU Objective-1 region. Possibility of building attached warehouse(s). Real estate 4667 sq.m.
Ground floor: large reception hall with stairs to upper floors; gas-fired central heating, lighting technology, storage-rooms. 1st floor: 2 good-sized offices (each 30 sq.m.) and 2 offices (each 38 sq.m.). Also an attractive conference room of approx. 60 sq.m. with windows on 3 sides and a large balcony. 2nd floor: 2 offices (each 23 sq.m.), all offices, WC facilities, and an adjoining flat with its own entrance, kitchen, bathroom, WC, clothes closet, bedroom, and living room.
The whole property can be used for several purposes, and is highly suitable as a company headquarters.
Purchase price: 18,000,000.– ATS

TOP VILLA PROPERTY, SEMMERING

Built in 1901 by Baurath von Neumann for Editha Mauthner von Markhof - Koloman Moser. The villa is situated amid approx. 30,000 sq.m. of fenced park-meadow-wood ground on the climatically favorable Wolfsbergkogel hill.
80 kilometers from Vienna with good road connexions via the South highway or the Semmering highway. Superb, uninterrupted views of the distant Rax and Schneeberg mountains. About 690 sq.m. of living space on 4 floors (cellar, ground floor, 1st and 2nd upper floors), central heating, highest-standard renovation, inclusive furnishings.
Purchase price: 14,900,000.– ATS



JUGENDSTIL VILLA, VIENNA-MAUER

This delightful detached house was built in 1914 by the renowned architect Maximilian Straube and was restored at great expense (10 million ATS) in 1994. The villa is now in an exceptionally good state of preservation and is exclusively appointed.

The house has 3 floors (plus basement) with a usable floor area of approx. 500 sq.m. The property is located in a highly desirable residential area with fine views. The real estate covers 996 sq.m.
Purchase price: 19,800,000.—ATS

VILLA PROPERTY, BURGENLAND

Villa in French country-house style. Near Eisenstadt, with good road connexions via Eisenstadt highway. This distinguished house is up for sale because of owner's relocation and is available for immediate occupation.
Total living area: 446 sq.m.
Ground floor: large entrance (43 sq.m.) with staircase to upper floor, living room with large fireplace (55 sq.m.), dining room (33 sq.m.), kitchen, hall and pantry (30 sq.m.), second dining room (accessible from the kitchen; 38 sq.m.), storeroom (26 sq.m.); double garage.

Upper floor: entrance (31 sq.m.), 4 bedrooms, 2 bathrooms and offices.
Attic: fitted out with rustic wooden ceiling. Basement: incomplete swimming pool, exercise room, sauna, boiler-room. Annexe: approx. 150 sq.m. fitted out in rustic style. 4 horse stables (for any purpose).
Very fine park with total real estate of 8062 sq.m. The park also has an outdoor swimming pool.
The property is superbly appointed and will be sold with all fixtures.
Purchase price: 26,000,000.—ATS

DREAM VILLA, HINTERBRÜHL

Three floors with guaranteed uninterrupted view of the Vienna Woods. The property can be occupied at short notice. The whole fitting and installation of the property display great exclusivity. Built 1992. The overall planning was in the hands of the famous architect Carl Auböck.
Level 1: approx. 285 sq.m.; lift, generously dimensioned living/bedroom with open fireplace and direct access to the terrace with splendid view, bathroom, WC, two completely mirrored walk-in closets, garage. Level 2: library, passage, hall, lift, cooking, eating, super living room with open fireplace and exit through beautiful winter-garden to a large terrace with glorious view. Level 3: lift, billiard-room with open fireplace, guestroom, bathrooms, solarium, steam-bath, shower, wine-cellar, workroom and offices. The grounds covering altogether 2619 sq.m. include a beautiful terraced garden.
The building itself is in a sunny position and has an outstanding location (only 25 minutes or less from the Vienna State Opera via highway). The moderate purchase price - 25,000,000.– ATS - is far less than the original cost.

CASTLE MILL, LISTED MONUMENT

This delightful castle mill stands in Zellendorf in Lower Austria. Near Retz with excellent connections to Vienna. The whole property with fine stuccoceilings has been completely renovated. Generously dimensioned cellar with double-garage. Ground floor: 12 rooms with offices. Upper floor: gallery, 7 rooms. Immediate occupancy. 14,150 sq.m. real estate.
Purchase price 11,500,00.– ATS.

INDUSTRIAL PLOT, BURGENLAND

Unique industrial location in Parndorf, 388,584 sq.m. grounds, only 50 km from Vienna.
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INVESTING IN AUSTRIA

GIVING TOURISTS EVERYTHING THEY WANT

Innovation drives Austria's tourism industry

What do tourists really want? Faced with protracted declines in its arrival and overnight stay figures, Austria's tourism industry has been asking itself this question over the last five years. Its answers have produced a flood of innovations and a record amount of investment.

In every weather

Vacations in the sun at cut-rate prices top the list of what today's tourists want. The notoriously changeable Central European weather is, of course, something beyond the control of Austria's tourist industry.

Austria's tourism professionals have put their inventiveness to work, however, and come up with "wild weather walks" in which suitably clad visitors trek along rustic paths in the wind and rain, allowing them to experience the primeval furies in all their savage beauty.

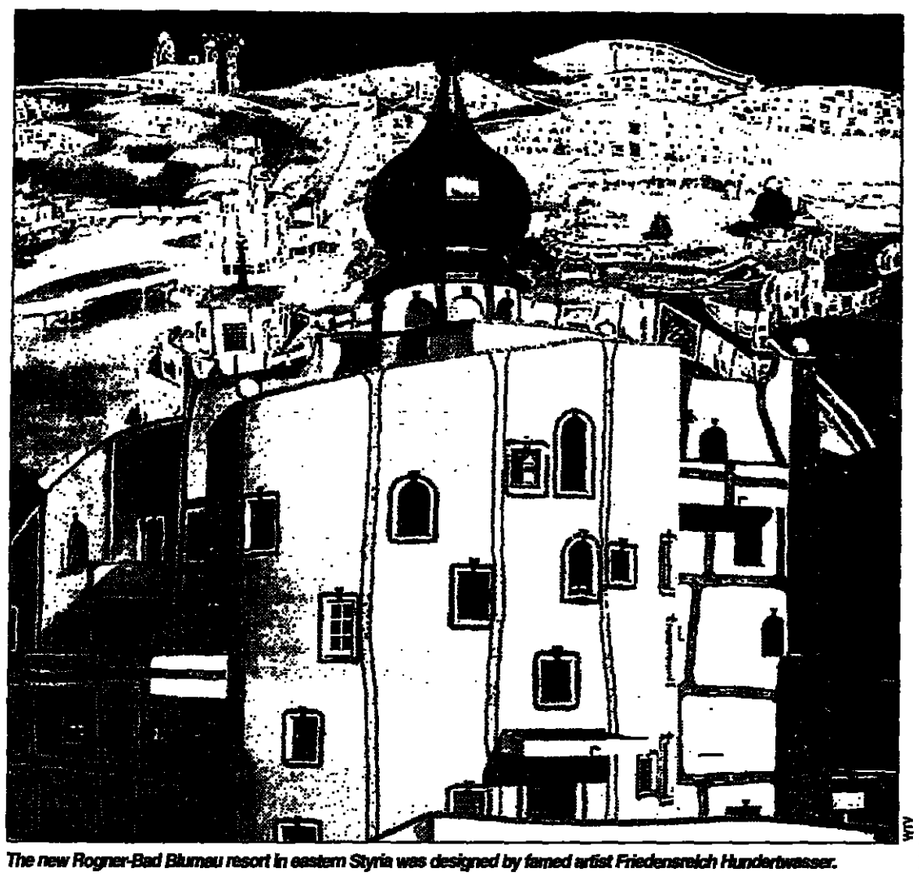
Costing no more than a few raincoats and an hour of a guide's time, this is a very inexpensive innovation. Others entail the major expenditures of remodeling entire spas or creating new ones.

Rest and relaxation

Tourists often want to experience something enlivening and illuminating without really having to exert themselves, according to the analysis of the small Carinthian resort of Turrachsee. It has dispensed with the building of further "climbing gardens" and tennis courts, and the resort's leading hotel has set up a hammam (Turkish bath), an outdoor sauna and whirlpool complex, a meditation chapel, a "grotto of aromas," a "Celtic healing hogan," an Alpine botanical garden and an observatory for viewing the stars.

The resort even went so far as to pipe warm water into its adjoining lake, heating a carefully circumscribed segment of its cold depths to temperatures more commonly found in Hawaii.

The payoff, according to the March issue of Touristic Management, Central Europe's leading tourist trade journal, has been a dramatic rise in the resort's visitor totals and in the length-of-stay figures. To handle growing demand, the spa's hotels have been adding facilities and personnel.



The new Rogner-Bad Blumau resort in eastern Styria was designed by famed artist Friedensreich Hundertwasser.

Tourism analysts also find that tourists flock to the arts and the arty. In view of the millions of visitors traipsing each year to Saint-Paul de Vence, Worpswede and other artists' colonies and of the FRO ("fainting room only") crushes at the Vermeer, Barnes Collection and other recent blockbuster exhibits, this insight is not overpowering in its originality.

Its consequences, however, have been profound. Austria boasts a number of world-famous artists and architects, and many of them have recently been commissioned to design vacation hotels or entire resorts. The most prominent of these "artists in action" projects has just been completed. Located in Bad Blumau, a spa in eastern Styria, the $82 million Rogner-Bad Blumau project was designed by Friedensreich Hundertwasser, Austria's most celebrated modern artist. His wonderfully idiosyncratic interplay of forms, colors and landscapes covers 37.5 hectares.

Two other groups targeted by the country's tourist industry are the weekend warriors with a taste for adventure and families with young children. For the former, a hotel in the state of Salzburg has invested in everything from a fleet of hang gliders to a go-cart track.

"Family centers" are also springing up throughout the country. In addition to the day-care facilities common to virtually all the country's resort hotels, these centers include child-friendly dining rooms and adventure parks.

All this hasn't come cheaply. Over the last nine years, Austria's tourist industry has taken out $4 billion in new loans, reports Vienna's Institut für Höhere Studien economic research institute.

Further equity and working capital for the country's often hard-pressed resort hotels and related facilities will be coming from the new Mittelstandsfinanzierungs-AG, due to be endowed with nearly $100 million by the state fund for the financing of tourism.

Today, Austria has 1.2 million hotel beds, and the provinces of Tyrol and Vorarlberg alone each have more hotel beds than such popular tourist destinations as Turkey and Greece. Austria's tourist industry employs more than 150,000 people on a full- or part-time basis.

T.S.

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CUTTING EDGE

Continued from page 9

companies that are world leaders in designing waste disposal systems or building advanced mass transit vehicles or in setting up electronic-based traffic management networks.

"The import of this expertise is hard to convey to non-specialists," she adds. "To overcome this problem, we've come up with the term 'urban technologies,' which sums up where these expertises have arisen and where they're applied."

Why don't large-sized Austrian companies have the capital to make these acquisitions?

"Remember that virtually all capital was destroyed in World War II," says Franz Zwickl, member of Bank Austria's board of directors. "Many of today's large-scale companies were created by the state in the war's aftermath. A large number of them have since been partially or completely privatized.

"These privatizations have drawn a great deal of the capital available from the private sector. All of the large-sized companies have undergone top-to-bottom restructurings, and that's absorbed much of their own capital."

He adds: "Many of our SMEs were also founded or refounded at the same time [after World War II]. Their capital came to a very great extent in the form of bank loans. As the resulting high-gearing was commonplace throughout the country, no one took much notice of it. It's only been in the 1980s that international standards have become germane to Austria's business community. By these standards, Austria's SMEs are undercapitalized, although that's now rapidly changing."

Says Michael Haeupl, Vienna's mayor: "I have one problem with this talk of 'undercapitalization' because it only considers one kind of capital — money. Vienna, however, has many others, including the talents and qualifications of its personnel and the solidity of its real estate market, which has steadily maintained its value while generating a large supply of attractive properties."

He adds: "It's also been these kinds of capital that have induced this record inflow of investment from abroad."

Terry Swartzberg

AUSTRIA MEANS BUSINESS and it's a real EUROpportunity

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AUSTRIA'S ECONOMIC CLIMATE

With its accession to the European Union in 1995, Austria became a focal point of interest for businessmen abroad. Its existing reputation as a prosperous Western country was enhanced in the eyes of investors from overseas because of its bridging location between the world's most powerful trading community and the potential Central and East European market. Conversely, the CEE reform countries saw Austria as a gateway to the West.

As a matter of fact, Austria has emerged as one of the leading industrial nations of the world. Over the last two decades, productivity growth has outpaced that of industrial powers such as Japan, the United States and Germany. Austria's surprising emergence as a centre of excellence is the result of a highly favourable environment for business – including high productivity, low inflation and interest rates. Other significant factors include social and political stability, one of the lowest strike rates in the world and a rock-solid currency, the Schilling, linked for more than twenty years to the German D-mark. It should also be remembered that Austria is world-wide, alongside Sweden and Denmark, one of the countries with the highest expenditures on education, which also leads to an extraordinarily qualified, dedicated and reliable workforce.

The current Economics Minister, Hannes Farnleitner, whose portfolio includes administration of the Austrian Business Agency, feels that the attractiveness of Austria as a business location is changing. Although the country's high level of education and the motivation of its workforce remain unequalled, the relative importance of what Austria can offer should, he thinks, be re-assessed. "My absolute emphasis for investment from abroad," says Mr. Farnleitner, "is to promote Austria as a know-how centre, an innovation centre." Research is therefore being stepped up with aid from the government. Several internationally famous companies, such as Chrysler, General Motors, Hewlett Packard and IBM, have established headquarters in Austria for their activities in Eastern Europe and have expressed deep satisfaction with their choice. Austria also has its home-grown leaders in technology, with business partners from around the globe, including the Graz-based combustion engine researcher AVL List, the automotive innovator Steyr-Daimler-Puch and electronics firms such as Frequentis and Austria Mikro Systeme (AMS).

This technology-friendly environment is reinforced by a flat corporate tax rate of just 34 percent and numerous pro-investment exemptions and deductions, which give Austria one of the lowest effective tax burdens in Europe.

Austria also offers a series of generous subsidies for research and investment activities. The Austrian government constantly undertakes ongoing reforms – such as the liberalisation of labour and trade regulations along with the extension of retail-business hours – to further contribute to the attractiveness of Austria as a business location. There can be no denying it pays off to invest in Austria!

AUSTRIA IS RIGHT INTO IT

With Europe's Information Technology sector booming, numerous multinationals already utilise the advantages of an Austrian location for the development of cutting-edge technology and for the manufacture of high-end products. Looking ahead, the de-regulation of telecommunications in Austria (scheduled for early 1998) will certainly encourage expansion in this field.

More than thirty industry-related university institutes throughout Austria are engaged in research connected with IT, using the most modern methods – from artificial intelligence and fuzzy logic to machine-learning. Their R&D solutions for business are in world-wide demand. Intel, Motorola and Sumitomo Electrics gladly acknowledge that the One outstanding example is the Austrian Research Institute for Artificial Intelligence, which is a member of no fewer than four of the "Networks of Excellence" organised by the European Union. The Institute is also well-known in academic circles in the United States as publisher of the New York Journal of Applied Artificial Intelligence.

The most recent success story is the HyperWave Internet access system developed at the Technical University in Graz, which has caught on overnight throughout the world.

Typical of the reactions from foreign companies is that of Sony. The Japanese electronics giant, which now operates the world's largest CD-plant in "Sound of Music" Salzburg, has said the main factor for the exceptional productivity at its Austrian location is, in a nutshell: the super team – with high-quality training and top motivation.

Siemens has also chosen Austria, more specifically the Carinthian city of Villach, for a semi-conductor production facility that is the biggest of its eleven "silicon-smiths" world-wide.

New methods of business communication such as video-conferencing or co-operative working pre-suppose accessibility to the most modern infrastructure. Austria provides country-wide high-performance, state-of-the-art networks. 120,000 kilometres of optical-fibre cable make up a data-highway network penetrating into the most remote regional areas. SDH (the Synchronous Digital Highway), the highest capacity transmission system anywhere in the world, offers enterprises in Austria rates of up to 622 Mbit/second. The associated ATM broad-band network will be linked with all provincial capitals by the end of 1997.

Against this background, it comes as no surprise to learn that within the European Union Austria is at the top of the list as far as investment in telecommunications is concerned. Austrian-based enterprises are also well up by international comparison in application of the new media. For instance, in the relative number of Internet-hosts per 1000 of the population, Austria holds fifth place among the fifteen EU Countries.

AUSTRIAN BUSINESS AGENCY

For all information pertaining to relocating in Austria, the best one-stop address is the Austria Business Agency, the government's agency for industrial promotion and development. ABA offers a broad range of professional services to foreign companies as well as to investors seeking a production facility or an alliance in industry and/or in industry-related service sectors.

In particular, full information is provided on the support schemes offered by the federal, provincial and local government authorities as well as on the country's company legislation and tax structures. Assistance can be requested on carrying out feasibility/location studies or on how to tailor financial, incentive and tax packages.

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INTERNATIONAL

North Korea Allows Aid To Families

Donors Can Designate Food for Relatives

By Steven Mufson
Washington Post Service

BEIJING, — Threatened by famine, North Korea will allow South Korean families and aid organizations to target food assistance to relatives or regions in the Communist North under the terms of an agreement reached here Monday between Red Cross officials from the two nations.

North Korean Red Cross officials also agreed to allow the delivery of food aid from the South in original packaging. The move will allow North Korean citizens, who have been barraged with propaganda about the importance of self-sufficiency and self-reliance, to see that their food aid is coming from South Korea.

"We're very satisfied with the talks," said Chang Moon Ik, spokesman for the South Korean Embassy in Beijing. "I think this will create good momentum for future talks between the North and South at various levels."

South Korean Red Cross officials pledged to deliver 50,000 tons of food by the end of July. The supplies will include mostly corn, but also flour, powdered milk, cooking oil, rice and noodles, according to Mr. Chang. He said that the amount includes 15,000 tons already pledged and sitting in China awaiting delivery by rail.

The South Korean side of the talks failed, however, to persuade North Korea to open the border at Panmunjom, which straddles the heavily fortified border that has separated the South from its Stalinist neighbor since the 1950-53 war that ravaged the peninsula.

The South Korean food aid will be sufficient for a six-month supply for 600,000 people, more than four times the current number of North Koreans receiving Red Cross aid, according to agency figures.

The commitment still falls far short of North Korean requests and international aid agency estimates of what North Korea needs.

The United Nations estimates that 4.7 million North Koreans, a fifth of the population, are at risk of starvation this summer without enormous food aid. Accounts from truck drivers and traders traveling in North Korea have described desperate children begging in markets, people weakened from hunger and a few even left dead by the roadsides.

The economy of the North has been in steady decline since the 1991 breakup of the former Soviet Union. North Korea's most important patron. Agricultural and industrial output has been hindered by inefficient communes and state-owned enterprises. The situation was made even more critical by devastating floods that hit important agricultural regions in 1995 and 1996.

The head of the North Korean delegation, Paek Yong Ho, told The Associated Press that the amount of promised aid was "quite small in comparison with the total effect of the disaster."

"I cannot say it's enough, but anyhow it will help," he said.

The North Korean Red Cross originally asked for 100,000 tons of aid during the talks. The South Koreans had offered 40,000 tons.

The amount pledged Monday falls short of commitments from other donors.

The European Commission said Friday it was sending 155,000 tons.

But the agreement by the North to allow direct donations to family members is likely to open the door to further shipments from the prosperous South. Millions of people were separated in the 1945 division of the Korean Peninsula and in the 1950-53 war.

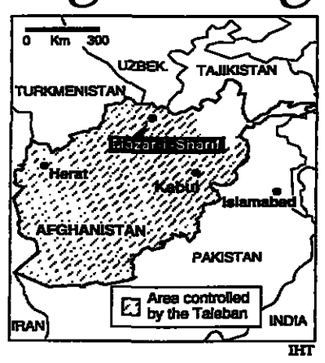
No peace treaty was signed after the war, and tensions between the two sides have stymied most efforts to organize family reunions.

Mr. Chang, of the South Korean Embassy in Beijing, estimated that almost 10 million people remain divided from family members.

The accord here Monday was the first between the Red Cross societies of the Cold War rivals since a 1985 pact on hometown visits by displaced families.

Under the agreement, the South Korean aid would be transported through two ports in North Korea and by rail and truck across the Chinese border with North Korea.

Tightening Its Hold on North, Taleban Restricts Aid Workers



IHT

Compiled by Our Staff From Dispatches

MAZAR-I-SHARIF, Afghanistan — Thousands of Taleban soldiers started enforcing their strict version of Islamic law Monday in newly conquered northern Afghanistan, warning foreign aid agencies to keep their workers indoors.

Black-bearded soldiers roared through the streets of Mazar-i-Sharif in pickup trucks bristling with anti-aircraft weapons and rocket launchers.

In Kabul, Taleban police dragged five Afghani women employed by the aid organization CARE International off a bus Saturday and beat them with sticks, the aid agency said

The aid workers had helped to feed widows who could no longer earn money to support themselves because of a Taleban ban on women in the workplace. CARE said it was suspending the program until Taleban guaranteed that its workers would be protected.

In Mazar-i-Sharif, an aid agency reported that one of its workers had been driven off the streets and warned to stay indoors. It was the first overt act here against an international aid group since Taleban seized control of the city Saturday.

"We will go ahead as normal, but cautiously," an aid director said, speaking on condition that neither the director nor the aid agency be identified. "If we feel it is not safe for the employees to come in to work, we won't let them come."

About 2,500 Taleban soldiers moved into Mazar-i-Sharif on Sunday night, a day after the warlord Abdul Rashid Dustam fled to Turkey and surrendered his stronghold to mutineers who had defected to Taleban.

The fall of the northern provinces controlled by General Dustam put all but two or three of Afghanistan's 29 provinces under Taleban control.

But Taleban came under surprise attack Monday as it tried to move troops into the north on the Salang Highway. A general in the anti-Taleban alliance, Bashir Salangi, who defected Sunday, had given Taleban forces permission to advance on the route from Kabul to Mazar-i-Sharif, 300 kilometers (190 miles) northwest of Kabul.

But overnight the anti-Taleban alliance apparently moved reinforcements into the area undetected. They fired machine guns and rockets from a pass at hundreds of Taleban troops massed below in tanks and jeeps.

The Taleban force took cover at the base of a rocky peak on the edge of the highway. Jeeps could be seen transporting Taleban casualties back to Kabul.

Meanwhile, Saudi Arabia recognized the Taleban government Monday, becoming the second country to do so, after Pakistan, the official Saudi Press Agency reported. *(AP, AFP)*

Peter Andrews/Reuters

A soldier in Mr. Kabila's army getting a shoeshine Monday outside the Justice Ministry in Kinshasa.

Albright to Send Envoy to Talk With Kabila

Reuters

PARIS — Secretary of State Madeleine Albright is to send the American UN delegate, Bill Richardson, for the first senior-level U.S. talks with Laurent Kabila since the former rebel took power in the Democratic Republic of Congo, U.S. officials said Monday.

Mr. Richardson, who established a relationship with Mr. Kabila on an earlier trip to the region, would push the new leader of the former Zaire to establish a broad-based government that would pursue economic and political reforms, the officials said.

Mrs. Albright "decided to send Richardson to the Congo with a U.S. delegation to begin some senior-level discussions on what we would like to see happen" there after Mr. Kabila's rebel alliance ousted President Mobutu Sese Seko after more than three decades in power, one official said.

The U.S. team was expected to leave Washington very soon, he added.

In Kinshasa, Mr. Kabila's government banned demonstrations and political party activity in the capital until further notice, citing a need for security, state television reported Monday.

It also said no unit of Mr. Kabila's armed forces would be allowed to circulate in the city without specific orders.

"Individual or collective public demonstrations are formally prohibited throughout the city of Kinshasa until further notice," it said. "All the activities of the political parties are banned in Kinshasa until further notice."

MOBUTU: *Hunt for Assets in Switzerland*

Continued from Page 1

The government ordered the country's 400 banks to report by the end of the month on all holdings of Marshal Mobutu or any people and companies associated with him.

Swiss authorities say an initial search of the country's 12 leading banks turned up no trace of Marshal Mobutu's money. They surmise that Marshal Mobutu moved large portions of his wealth out of the country after Switzerland introduced new laws in 1990 making it more difficult to launder the fortunes of drug smugglers and dictators.

"I can't imagine that today any Swiss bank would still have money from Mobutu. Such a bank would be extremely silly," said Kurt Hauri, president of the Federal Banking Commission, who is supervising the sweep of the nation's banks for Marshal Mobutu's assets.

Jean Ziegler, a Socialist member of Parliament and longtime critic of Swiss banking secrecy, says he doubts the claim that none of Marshal Mobutu's money is left in Switzerland.

"Swiss banks are world champions in building up empires for crooks and then protecting them behind smoke screens," Mr. Ziegler said. "We're talking about companies owned by Mobutu's family, with very complicated structures and accounts of the whole clan."

Even if Swiss authorities pin down Marshal Mobutu's hidden assets, it is unclear whether Mr. Kabila's government will be able to get its hands on his money soon. Much of the fortunes sequestered in Swiss accounts by the late Philippine dictator Ferdinand Marcos and Haiti's Duvalier family is still there a decade after they were overthrown.

Swiss officials say they are eager to return the money to the now democratic governments, but they are forbidden from doing so until local courts decide who shall get the funds. In the Marcos case, more than $500 million is stuck in Swiss bank vaults because the courts have not resolved rival claims by the Philippine government, the Marcos family and victims of human rights abuses during the 1965-86 Marcos era.

The Mobutu fortune undoubtedly reaches beyond the Swiss domain. Roughly two dozen foreign properties, with a market value estimated from $40 million to $60 million, are the only visible part of his financial empire. They include sumptuous residences in France, Portugal and Morocco, hotels in Spain and South Africa, and coffee plantations in Brazil and the Ivory Coast.

The extent of Marshal Mobutu's liquid assets, however, is open to question. Some experts believe he exhausted much of his fortune in the last few years, having to pay huge sums to the military, the political opposition and his own retinue to cling to power.

Others suggest that a considerable sum of money, still counted in billions of dollars, is parked abroad. Mr. Kabila's representatives have been scouring Belgium, France, Luxembourg, Morocco and South Africa as possible havens. They say they have uncovered few significant assets. The dry holes have brought them back to Switzerland. Until this year, Marshal Mobutu received VIP treatment here, including full police protection, during long sojourns at his villa in Savigny and his recent prostate cancer treatment in Lausanne. His entourage would occupy two entire floors at the plush Beau Rivage hotel, running up bills amounting to several million dollars a month.

Even though the dictator's recent visa requests have been rejected, former associates contend that the vast bulk of his wealth is in Switzerland. They said Mobutu Kongolo and other family members controlled funds running into billions of dollars and that over time they built up a vast network of front companies and false identities to mask the money.

RUSSIA: *Gazprom Factor Leads Yeltsin to Sign NATO Pact*

Continued from Page 1

imize" the risks. Foreign Minister Yevgeni Primakov, who negotiated the agreement, described it as "an optimal exit" from a difficult situation.

Under the charter, Russia will have a voice on a broad array of security and political issues through a new NATO-Russia council, and the alliance has promised to restrain troop deployments and nuclear-weapons storage in former Soviet bloc states.

Many in the Russian political elite, ranging from moderates to hard-line nationalists and Communists, urged Mr. Yeltsin to stand up to NATO. Some extremists called for deploying tactical nuclear weapons to the west, in Belarus, in response. But Mr. Yeltsin chose instead to further cement ties to the West — ties that included extensive loans from Western financial institutions.

Two days after the agreement with NATO was announced May 14, the International Monetary Fund made public a long-delayed and badly needed $696.7 million installment of a three-year, $10 billion credit to Russia.

Last week, the lower house of Parliament, the State Duma, tentatively approved the government's foreign borrowing plan, which includes raising $2.95 billion in Eurobonds this year, more than twice the total last year.

Increasingly, Russian businesses and the Russian government are popping up in world financial markets, selling shares and seeking loans. Gazprom, the country's largest company, has sold stock abroad and is reportedly preparing to pay its $1.2 billion in back taxes to the Russian government by borrowing overseas.

While none of these financial deals is directly linked to NATO expansion, many would have been riskier, costlier or impossible had Mr. Yeltsin turned his back on the alliance and threatened a new confrontation with the West, according to analysts here.

Mr. Kortunov said that Russia's financial oligarchs, bankers and industrialists who are close to Mr. Chubais and who helped bankroll Mr. Yeltsin's re-election campaign, want to keep the door open to Western investment and business. "If they care at all about NATO," he said, "it's because they care about Eurobonds."

The role of the IMF — and the West in general — in Russia's economy is an extremely sensitive topic politically and a hot button for criticism from nationalists and Communists, among others. But analysts say that Mr. Yeltsin's basic direction is unmistakable, if unspoken.

By coming to terms with NATO, he has opened the door to the richest club of them all, the Group of Seven. The leaders of the world's industrial democracies will meet in Denver next month, and Mr. Yeltsin is expected to attend some of the talks.

"There is no way Yeltsin could go to Denver if he was not playing the game in Europe," a Western diplomat said, speaking on condition of anonymity. In addition, Russia has expressed a desire to join the World Trade Organization and the Organization for Economic Cooperation and Development, among others.

"The real task is how to integrate Russia into the international community at the end of the Cold War," said Sergei Rogov, director of the Institute for U.S. and Canada Studies here, who has long argued for a permanent security structure that would include Russia.

"The task is twofold. One is internal reform in Russia, because if there is no democracy and market economy, it is impossible to integrate Russia. And second is what role Russia is assigned to in the post-Cold War settlement."

Mr. Rogov said the significance of the NATO enlargement deal was that the West has avoided taking another swipe at a weakened Russia.

"You are cleaning your own house," he said of the Western powers. "You are fixing the kitchen of the Western community for the 21st century. You don't want Russia to be a threat, but you don't want Russia to be a power vacuum, you don't want Russia to become the sick man of the 21st century. So you want a predictable and reliable Russia."

The charter with NATO "is not an economic package of goods," he said, "but this is a geopolitical arrangement which allows Russia to avoid the status of a defeated nation."

Alexy Druzyin/Reuters

President Boris Yeltsin of Russia arriving Monday in Paris for the signing of the NATO agreement.

Mr. Rogov said the charter also would take the wind out of those in Russia who wanted a bellicose, military response to NATO expansion.

Mr. Yeltsin comes to the Paris ceremony not out of strength, but out of weakness.

At home, the idea of the alliance's expanding into the former Soviet bloc has rubbed raw the resentments and humiliations of the Soviet collapse.

AFRICA: *East Asia's 'Tigers' Can Provide Some Lessons to an Impoverished Continent*

Continued from Page 1

Lesotho and Malawi — were enjoying growth rates of 10 percent. That is about as fast as the peak growth rates for the Asian "tigers" — Hong Kong, Taiwan, Singapore and South Korea.

"There's an emerging consensus that Africa is not hopeless, and that in fact there is an emerging renaissance going on in Africa," said Salih Booker, a senior fellow at the Council on Foreign Relations.

But to travel the back roads here and in Asia is to be reminded how many opportunities Africa missed over the last few decades and how much it continues to mortgage its future by giving short shrift to education and health care.

Despite the new research that suggests that a central feature of the successful East Asian model was a high level of education and public health and despite its own ancient educational traditions, Africa lags far behind in building this "human capital."

In the little village of Lalia, in eastern Congo, the principal of the mud-brick elementary school throws up his hands at the challenges he faces educating the children who swarm around him.

"We have no notebooks and no teaching materials, and some teachers don't come because we cannot pay salaries," said the principal, Bibi Masakama, an energetic 32-year-old.

"None of these kids has ever been vaccinated against any disease," he added. "None has ever had a medical examination."

Many reasons have been cited over the years for the different economic trajectories of Africa and East Asia. Some said that the colonial burden on Africa was much heavier or that Africa was troubled more by artificial boundaries and disparate tribes and languages. Others, including some Africans, pointed to climate or culture.

"In Africa the climate is such that there's always fruit around, in back of the house, and you just reach up and pick it when you're hungry," said Alauwa Lobela, the mayor of Kisangani. "But in Europe and Asia, the climate forced people to get food, to protect themselves from the cold in the winter, to develop a spirit of battle."

Such climate-based explanations are common, and analysts have found that the economies of tropical countries do indeed grow a bit more slowly than those of temperate countries.

Why are per capita incomes so divergent? Economists point to a conjunction of factors associated with rapid growth: Japan, China, Taiwan and South Korea underwent land redistribution after World War II and became relatively egalitarian societies; they were relatively well-educated and healthy and they experienced a sharp drop in birthrates.

On top of that, economic policies were ideal: the East Asian countries sooner or later adopted relatively open, market-oriented policies emphasizing exports.

East Asian countries pursued various economic models, but there was also a common economic strategy, which countries like Uganda are now emulating. The strategy emphasizes fiscal prudence and avoiding inflation while vigorously promoting exports and keeping the currency undervalued.

In the past, African countries often tolerated soaring inflation and overvalued their currencies, keeping exports uncompetitive on world markets.

A central issue was politics: many African countries flirted with socialism and an anti-capitalist brand of nationalism that was in fashion during the Cold War.

Another factor has been savings. Partly because of market incentives and government dictates, national savings rates have been much higher in Asia (more than 30 percent of gross domestic product) than in Africa (about 12 percent).

Economic policy aside, East Asia enjoyed another crucial advantage over Africa, one that may be harder to replicate. Countries like South Korea or even China started the development process with citizens who were more literate and more healthy than those in other countries at their income levels, and they continued to improve.

Blair Asks Clinton To Address Cabinet

The Associated Press

LONDON — Prime Minister Tony Blair has invited President Bill Clinton to speak to his new cabinet when he visits London on Thursday, a gesture intended to highlight the importance that London places on its relationship with the United States.

"We're envisaging something very informal," a spokesman for Mr. Blair said Monday.

Mr. Clinton will speak to the 22-member cabinet for about 15 minutes after its regular Thursday meeting.

Such an invitation would not be the first.

President Richard Nixon addressed the cabinet of the Labour prime minister Harold Wilson on Feb. 25, 1969, said Tony Benn, a lawmaker who was minister of technology at the time.

BRIEFLY

Aid to Palestinians Is Imperiled at UN

GENEVA — The United Nations agency charged with aiding Palestinian refugees is "technically bankrupt," its director declared Monday.

The commissioner-general of the UN Relief and Works Agency, Peter Hansen, said that "just when the agency is more needed than ever," it is "technically bankrupt."

"I underline technically because we are not going to close tomorrow, but our liabilities exceed our assets," Mr. Hansen said. "We cannot go on stretching our resources thinner without reducing our services."

The agency, which has overseen Palestinian aid programs since 1949, is the main provider of educational, health and social services for 3.3 million Palestinian refugees in the West Bank, Gaza Strip, Jordan, Lebanon, Syria and Egypt.

The refugees were forced from their homes in fighting when Israel was established in 1948 and during the 1967 Middle East war.

"We cannot, after 47 years, come to the Palestinians and say the international community did it for many years but we've grown tired and we're not going to continue," said Mr. Hansen, appointed head of the agency in January 1996. *(AP)*

Israeli Warplanes Rocket Lebanon

RASHAYA, Lebanon — Israeli warplanes attacked suspected Hezbollah guerrilla bases in southeastern Lebanon on Monday, Lebanese security officials said.

There was no word on casualties. Two Israeli jets swooped down on hills between the towns of Mashgara and Ein el Tineh in the western Bekaa, firing four air-to-surface missiles, the officials said.

The attack was apparently provoked by an attack on the Israeli-backed militia in south Lebanon, the officials said. *(AP)*

Canadians Seize U.S. Fishing Boats

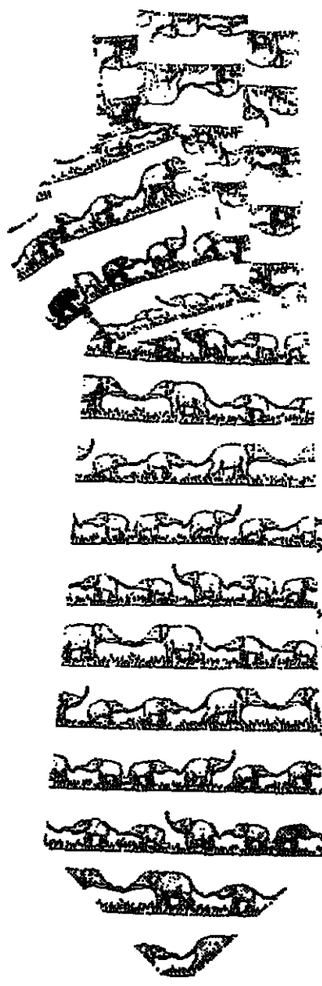
VANCOUVER — Canada has seized three U.S. fishing boats in an escalation of its dispute with Washington over salmon fishing in the Pacific, officials said Monday.

Following last week's decision by Canada to strictly enforce regulations on ships passing through its waters after a breakdown in salmon talks, two U.S. trawlers were seized Saturday and another on Sunday.

The arrest of the American skippers, who will appear in a British Colombia court on Tuesday, was a clear signal of Ottawa's frustration with the U.S. government and aimed at pressuring Washington to agree to a settlement. *(Reuters)*

Style

TOMORROW: STAGE



Moore/Thomas (Gucci, Boss)

From left: Hermes elephants on parade; Ralph Lauren's pinstripe suit with matching pastel shirt and tie; Gucci's monochrome look with a sheen; and, at bottom, Hugo Boss's dark shirt and shiny tie.

Moore/Thomas (Byblos, Rykiel Homme, Versace); Press Association (Blair); Agence France-Presse (Blair's ties)

Clockwise from above left: Byblos polka-dot shirt and tie; Rykiel Homme striped shirts and ties; Versace's satin tie and shirt, and Paul Smith's striped tie and military shirt; Tony Blair in polka dots, and his ties on the move.

Get Serious! Truth About Ties

Pigs, Birds and Whimsy Are Endangered Species

By Suzy Menkes
International Herald Tribune

PARIS — The culling has been swift and merciless: first the baby elephants as they were playfully squirting water from their trunks, then the zebras and giraffes at full stride. Next went the pretty pink piglets with curly tails and the ostriches — however much they buried their heads in the sand. Entire herds of endangered species are about to be wiped out by the cruel *whims of fashion.*

We are talking neckties here.

The whimsical tie has had a good run for your money, but now it is over. Those cute little printed silk creatures are being killed off or relegated to the top shelves in stores. *Moving from witty to stodgy,* they have suddenly become the symbol of corporate man (or, worse (shudder!), the badge of an aging yuppie who has turned 40.

The new-generation thirty-something's necktie is as thick as clotted cream and lies *satisfyingly heavy on the* chest. It is plain, mostly watercolor pale, but occasionally rich or bright. It might be woven into a lattice of texture, or have regimental stripes or polka dots. Especially dots.

Even a bold tie does not stand out, but blends into a *matching shirt:* jacquard-weave white on white, diagonal stripes on stripes, flowers on floral print.

NOTHING shows more clearly the generational fashion change than the neckwear of Tony Blair, Britain's new prime minister. *Just as Bill Clinton's individual* ties with geometric patterns by Tino Cosma of Florence have become the president's signature, Blair is putting his personality around his neck. His ties came out of the closet as Blair made a public move to the official residence at No. 10 Downing Street. His ties were plain, abstract or geometric patterned but with no printed animals. When he attended the opening of Parliament with Queen Elizabeth II, he wore polka dots.

"For us, print is out — birds and terriers put me right off," says Grant Boston, the creative director of Blair's favorite outfitter, Malcolm Levene, a small store on Chiltern Street in London. Boston says his clientele of architects and designer types goes for woven ties in "rich Venetian or sari colors" and *that the modern tie* is "about being witty through color and about playing with the weight of the tie."

At Turnbull & Asser on *Jermyn Street,* London's heartland for the stylish man, the store has also put the foulard or patterned silk tie "on the back burner." Its high-profile clientele now selects plain, strong, bright ties, or big dots, geometrics and woven textures.

In Paris at Dior, the designer Patrick Lavoix has developed ties with quiet geometric effects that blend subtly with the shirts. Wearing a yellow shirt with a tie of fine horizontal stripes, Lavoix says that he was motivated to concentrate on heavy, textured ties in order to create the thicker knots suited to the currently fashionable spread-collar shirts.

A well-dressed man might *justifiably claim that there is* no such thing as a "fashionable" necktie, merely one that reflects the taste and style of its wearer. In that camp is Henri d'Origny, who will celebrate next year four decades of creating neckwear for Hermes. In an open-necked shirt at the *Hermes flagship Paris store in* the Faubourg Saint-Honore, he compared the attention-grabbing tie to "a woman with too much makeup."

"Nothing is easier than to do so-called 'original' ties," he says. "What is difficult is to develop a style and constantly renew it."

D'Origny's graphic style for *40 years has been* geometric with an equestrian edge — even after a fellow designer in the Hermes necktie studio came up with the elephant design in 1982 and started a fashion that has stampeded across the world and through to main street.

"Elegance negligee" (roughly translated as "*throwaway elegance*") *is* d'Origny's aim. His personal neckwear is all in shades and textures of knitted black silk.

So Hermes is really ditching its signature whimsical prints? Pascaline Bachelet, director of the necktie department, points to elephants, giraffes and zebras, *now* given a touch of the wild to fit with this season's African theme. There are also tribal motifs contained in geometric squares. But the animal ties now hang on the back display rail. The most intriguing neckties are either woven silk or the new heavy-weights created from the fruits of silkworms fed on plants found only in distant parts of China, India and Vietnam. The result is neckties that are ultra-luxurious but unshowy in baked-earth, gourd, bark or blue African shades.

There is a big difference between a house like *Hermes or* Ferragamo that specializes in *printed silk and creates a range* of ties that become collector's items for loyal clients and designers who create neckties as fashion accessories. But there is a surprising cohesion between the Rolls-Royce tie makers and the rest of the market. Even Paul Smith, known for sporty, casual clothes, put a khaki military shirt with a *matching satin-stripe tie.*

Satin, or silk with an iridescence or high shine, *is* the look for men's fashion at the sharp end. Gucci was first off with this monochrome look and for the new season showed shirt and ties with a sheen. Gianni Versace's collection also *included the satin* shirt and tie.

THIS may be the right stuff for weddings or parties — but surely not for work? Yet, in his spring collection, Ralph Lauren put with bankers' pin-stripe suits, *pastel shirts and* matching ties. The effect was *sleek and light — yet serious.*

The truth about ties is that you can wear what you want. But for most men, that means choosing a tribe, by identifying with the Charvet classics *or the jazzy stripes of the* wannabe hip. Correction. If you want to be hip today, you choose a classic tie. And it's farewell to Elephant Man.

FREE ELEPHANT

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May 26, 1997

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EXPO 2 JAPAN

Roche Plans $11 Billion Acquisition

Deal to Create Leader In Diagnostic Lines

BASEL, Switzerland — Roche Holding Ltd. on Monday it would buy Mannheim GmbH, a German maker of diagnostic equipment, for 1.7 billion Swiss francs ($11.5 billion) in cash. The purchase of the German company would create the world's largest maker of products for the diagnostic industry, Roche said. The acquisition of Boehringer Mannheim, which has annual sales of about 3.5 billion Swiss francs, would give Roche a commanding position in the diagnostics market, which is expected to grow by 5 percent to 6 percent annually in the next few years, analysts said.

Banking Alliance

Unborn

CURRE

Cross Rates

Other Dollar Values

Forward Rates

NOKIA 9000 Communicator

هكذا من الأصل

Roche Plans $11 Billion Acquisition

Deal to Create Leader In Diagnostic Lines

Compiled by Our Staff From Dispatches

BASEL, Switzerland — Roche Holding AG said Monday it would buy Boehringer Mannheim GmbH and a majority stake in DePuy Inc., for $11 billion, in a deal that would create the world's leader in products for the diagnosis and prevention of illness.

Roche said the purchase of the German drug and diagnostics company and the U.S. orthopedics product maker called for it to buy all the shares of Bermuda-based Corange Ltd., which owns Boehringer Mannheim.

Corange also holds 84.2 percent of the shares in DePuy, which has annual sales of 860 million Swiss francs ($611.1 million) and 2,900 employees.

Roche shares initially rose to their highest levels of the year but closed at 13,005 francs, down 185. The news also propelled stocks in Germany, where the DAX Index rose 47.59 points, or 1.3 percent, to close at a record high of 3,669.31 amid speculation about further consolidation in the pharmaceutical industry.

"We see long-term potential in the areas of disease management and patient care," Fritz Gerber, Roche's chairman, said. In 1996, the diagnostics sector accounted for 5 percent of Roche's sales.

The purchase, Roche's biggest acquisition in its history, comes as drugmakers combine to counter soaring drug-development costs. Investors had expected Roche to make a move since Ciba-Geigy AG and Sandoz AG formed Novartis in a $36 billion stock swap last year.

"Everyone has been waiting for Roche to act," Patrick Carisch, a fund manager at Credit Suisse, said. "It's an unexpected target, but it's a good choice as Roche becomes a world leader in the field, and that's what it's all about."

The combined group, to be called Roche Boehringer Mannheim Diagnostics, would be the world leader in products for the diagnosis and prevention of illnesses, with annual sales potential of 3.5 billion francs and a work force of 13,500 in the diagnostics sector, the company said.

(Reuters, AP, Bloomberg)

John MacDougall/Agence France-Presse

Hutomo Mandala Putra, left, and Tunky Ariwibowo, the trade minister, at the unveiling of the Timor.

Indonesia's 'National' Car Stalls

By Michael Richardson
International Herald Tribune

JAKARTA — The several thousand brand new sedans that fill a large lot near Jakarta's international airport are silent testimony to the flagging sales and uncertain future of Indonesia's so-called national car project.

As Indonesians prepare to vote in parliamentary elections Thursday, critics of the car project say it has become a target of the unusually vehement and open public protests in the campaign against alleged collusion between government and big business. The critics say this collusion influences the awarding of contracts, licenses and state bank loans to favored companies — often those controlled by relatives and friends of President Suharto.

The government, acting on instructions from Mr. Suharto, who regards the project as a vital part of his plan to make Indonesia a modern industrial state, recently directed a group of state and private banks to lend $690 million to PT Timor Putra Nasional, the designated national carmaker, to help finance construction of its production facilities.

Timor Putra is controlled and managed by Hutomo Mandala Putra, Mr. Suharto's youngest son and a businessman with little experience in the auto industry.

Mr. Hutomo said recently that a total of $1.3 billion would be needed to establish Timor Putra, including its engine- and parts-making divisions.

The national car program was launched in February 1996 by presidential decree. It gives Timor Putra an exclusive exemption from hefty tariffs and luxury-sales taxes and the right to import as many as 45,000 sedans from its joint-venture partner, Kia Motors Corp. of South Korea, until its plant in Indonesia is operational; that is due to happen in 1999.

Even though the sedans come from South Korea, they carry the brand name of the national car, Timor.

Japan, the European Union and the United States have filed complaints with the World Trade Organization, charging that the policy discriminates in favor of the national car project and against existing or planned auto-assembly investments in Indonesia by other companies.

Ford Motor Co. has said it will not build cars in Indonesia until the preferential policy ends, and General Motors Corp. says it has dropped plans to build an auto factory in Indonesia because of the policy.

"They gave the national car program all the tax breaks and made everybody else totally uncompetitive," said Michael Meyerand, a spokesman for GM.

On Friday in Geneva, Indonesia blocked the European Union's request that the trade organization set up a panel to determine whether Jakarta's national car project breaks world trade rules. Japan made a similar request last month, which Indonesia also blocked.

Diplomats expect both the EU and Japan to bring their complaints before the organization again when it meets June 25.

Indonesia cannot block a second re-

See CAR, Page19

French Stocks Tumble On Socialists' Showing

Fate of Privatizations Raises Concern

Compiled by Our Staff From Dispatches

PARIS — Stock and bond prices tumbled Monday amid concern over the future of the country's economic reform efforts after the stronger-than-expected showing by the opposition Socialists in legislative elections Sunday.

The benchmark CAC 40 Index tumbled 108.16 points, or 3.9 percent, to 2654.74. The drop was the CAC's largest one-day percentage decline since Oct. 5, 1992, when it slipped 4.3 percent.

The markets seemed to be shuddering at the prospect of a period of "cohabitation" between President Jacques Chirac, a conservative, and a government led by the Socialists and their Communist allies. Thomson-CSF, Credit Lyonnais and other state-owned companies led declines on the exchange amid concern their privatizations could be canceled if the Socialists won control of the National Assembly.

The Socialists, who won unexpectedly strong support from voters in the first round of elections, have hinted they would seek to stop the planned sale of Thomson-CSF if they take control of Parliament after the round of runoff elections set for Sunday. They are also perceived as hostile to plans to sell other state-owned companies.

"The major question is whether these companies will be privatized or not," said Christian Parrain, a fund manager at Cap Finance.

Traders said French markets would be nervous until after the vote Sunday. The election also put pressure on the French franc. (Page 18)

But Didier Bouvignies, a fund manager at UAP Gestion Financiere said, "Even if the Socialists did come out on top, the restructuring this economy needs would eventually take place — it would just take longer."

Shares in both of Thomson's potential takeover candidates, Lagardere SCA and Alcatel Alsthom SA, also declined. Lagardere lost 10.80 francs, or 5.8 percent, to close at 174.50 ($30.58), while Alcatel fell 19 to 661.

Other state-owned companies whose planned sales could be jeopardized by a Socialist victory also declined. Credit Lyonnais SA lost 20.40 to 212.70, while Groupe des Assurances Nationales SA, an insurance company, lost 5 to 132.

Renault, which is 46 percent owned by the state, fell 7.30 to 146.60. Investors were worried that the company would not be able to make job cuts if the Socialists were elected. PSA Peugeot Citroen SA, France's largest carmaker, fell 25 to 605.

Dassault Electronique SA, a maker of electronic automation systems, fell 41 to 549. Investors were concerned that the planned merger between Dassault Industries — the Dassault family holding, which owns both Dassault Electronique and Dassault Aviation SA — and state-owned Aerospatiale SA could be threatened by the outcome of the legislative elections.

Dassault Aviation, a partner of Alcatel in the bidding for Thomson-CSF, did not trade at all. The stock was suspended at the opening of the market because offers were more than 10 percent below Friday's closing price of 1,230.

Banks and insurance companies fell amid fears of higher interest rates. The yield on the benchmark 10-year French government bond rose 10 basis points, to 5.84 percent.

Bond prices also declined amid concern that the government's poor performance in the polls would threaten efforts to cut the budget deficit enough to meet the criteria for joining the European single currency in 1999.

"If the right wins, I expect banks and companies in need of restructuring, such as Thomson, to benefit," said Dominique Sabassier, a fund manager at Caisse Centrale des Banques Populaires. "If, however, the left wins, then I'd have to adopt a much more defensive strategy and focus on consumer-spending related companies such as Danone or Pinault-Printemps-Redoute."

Danone SA fell 31 to 883, while Pinault-Printemps-Redoute SA fell 144 to 2,396. Although both stocks stood to suffer less from a Socialist victory, traders said they had been hurt by a wave of foreign selling orders. According to the French stock-exchange watchdog, 40 percent of the owners of stocks traded on the Paris Bourse are nonresidents.

Traders said volume on the market was hurt by the absence of American and British investors. Markets in both those countries were closed for a holiday.

(Bloomberg, Reuters)

Thinking Ahead /Commentary

Unborn Euro Starts to Strut Globally

By Reginald Dale
International Herald Tribune

WASHINGTON — Europe's planned adoption of a single currency, the euro, will represent the biggest change in the international monetary system since flexible exchange rates were introduced in the early 1970s. It will have profound consequences for the dollar and probably for the yen.

So far, however, most Europeans have concentrated on the euro's internal effects and have paid little attention to its impact on the outside world. The United States and Japan have given the matter even less thought.

Now Americans are waking up to the possibly unwelcome idea that the dollar may soon face a serious international rival for the first time since the decline of sterling earlier this century.

The dollar could face its first serious international rival in several decades.

In a study published in Washington last week, "Cooperating with Europe's Monetary Union," C. Randall Henning of the Institute for International Economics warns that a Europe endowed with a single currency "will be stronger than any bargaining partner that the United States has faced in the postwar period and will probably offer a competitive alternative to the dollar as an international currency."

Some European leaders have even said that the euro's main aim is to put Europe on an equal monetary footing with the United States — ending the dollar's "hegemony," in the word of President Jacques Chirac of France.

Most monetary experts, however, say that is unlikely to happen in the near future — and most Europeans do not see the euro's launch as an adversarial move against the United States.

The euro's primary purpose is to complete the European Union's single market and advance the cause of closer European economic and political integration.

In any case, as an analysis published by Salomon Brothers in London this month points out, the new European central bank may be reluctant to promote the euro as a reserve currency in its early years.

Over time, many analysts say, the euro could become attractive to central banks outside the EU as means of diversifying their reserves, but its importance as a reserve currency will vary widely among regions.

The euro will probably be most popular in areas close to the EU, such as Central and Eastern Europe and to a lesser extent Africa and the Middle East, while Latin America and Southeast Asia will probably stick mainly to the dollar.

That pattern would replicate fairly closely the current international reach of the Deutsche mark, the euro's most important component, according to a recent analysis by Tokyo-Mitsubishi International PLC in London.

Only in Asian developing countries is there "a meaningful tripartite competition" among the dollar, the yen and the mark, with the dollar far ahead, the analysis concludes.

Two major factors remain unknown: how far private portfolio investors will switch from dollars into euros and the extent to which European central banks will sell excess dollars as they set up their new European central bank, which is generally expected to need fewer dollar reserves. Both factors could push the euro's value upward.

The Salomon Brothers experts, however, say their impact will not be as sharp as others have predicted.

For now, they say, simulations of the euro show that it would be "moderately undervalued" compared with the performance of its component currencies against the dollar in recent years — or not far from its "fair value."

Some Japanese analysts say the yen is more likely to be adversely affected than the dollar, especially if Tokyo fails to reform its financial markets. But while the euro may quickly become the world's No. 2 currency, it won't soon replace the dollar in the top spot.

CURRENCY & INTEREST RATES

Cross Rates

May 26

	$	£	D.M.	F.F.	Lira	D.fl.	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.985	3.315	1.1246	0.3383	0.1141*	—	5.448*	1.3569	1.6322*	1.3805	133.10*
Brussels	34.715	57.3925	20.645	6.1345	2.0948*	18.359	—	24.98	0.2983	25.10	24.455*
Frankfurt	1.687	2.769	—	0.2963	0.9955*	0.8843	4.8445*	1.2048	1.4542*	1.228	1.1840*
London (a)					Closed						
Madrid	142.673	234.092	84.457	25.028	8.508*	75.307	4.0713	101.88	122.814*	103.649	—
Milan	1,463.20	2,728.80	987.36	292.63	—	876.80	47.796	1,188.20	14.347	1,208.85	11.696
New York (b)	—	a			Closed						
Paris	5.7005	9.35	3.3745	—	0.3424*	3.001	0.1635	4.0075	4.9071*	4.1413	3.9955*
Tokyo	115.90	190.12	68.93	20.43	0.697	61.20	3.3401	83.21	—	84.29	0.8265
Toronto	1.3787	2.2594	0.8165	0.2413	0.0827*	0.726	0.3947*	0.9835	1.183*	—	0.965*
Zurich	1.4045	2.3965	0.8015	0.2455	0.0841*	0.7374	4.0852*	—	1.2038*	1.0172	0.9611*
1 ECU	1.150	0.706	1.9562	6.609	1,920.12	2.1997	40.3813	1.6229	134.521	1.5799	165.287
1 SDR	1.3947	0.8549	2.3586	7.9577	2,326.45	2.6561	48.760	1.9824	160.873	1.9175	199.332

Closings in Amsterdam, London, Milan, Paris and Zurich, fixings in other centers; New York and Toronto rates at 3 P.M.
*a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9986	Greek drac.	270.23	Mex. peso	7.867	S. Afr. rand	4.467
Australian $	1.3038	Hong Kong $	7.7395	N. Zealand $	1.4493	S. Kor. won	890.80
Austrian sch.	11.91	Hung. forint	180.56	Norw. krone	7.0596	Swed. krona	7.6061
Brazil real	1.0701	Indian rupee	35.745	Phil. peso	26.37	Taiwan $	27.82
Chinese yuan	8.3249	Indo. rupiah	2442.0	Polish zloty	3.22	Thai baht	25.63
Czech koruna	30.63	Irish £	0.6604	Port. escudo	170.68	Turkish lira	138090
Danish krone	6.4481	Israeli shek.	3.4001	Russ ruble	5754.0	UAE dirham	3.671
Egypt. pound	3.3952	Kuw dinar	0.2995	Saudi riyal	3.75	Venez. boliv.	483.00
Fin. markka	5.0995	Malay. ring.	2.5008	Sing. $	1.4315		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6306	1.6297	1.6288	Japanese yen	115.17	114.65	114.15
Canadian dollar	1.3690	1.3660	1.3632	Swiss franc	1.4042	1.3992	1.3942
Deutsche mark	1.6894	1.6856	1.6820				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo);

Libid-Libor Rates

May 23

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5 1/2 - 5 5/8	2 15/16 - 3 1/16	1 1/2 - 1 5/8	6 1/16 - 6 3/16	3 5/16 - 3 7/16	1/2 - 5/8	4 - 4 1/8
3-month	5 5/8 - 5 3/4	3 1/16 - 3 3/16	1 1/2 - 1 5/8	6 3/8 - 6 1/2	3 5/16 - 3 7/16	1/2 - 5/8	4 - 4 1/8
6-month	5 13/16 - 5 15/16	3 1/16 - 3 3/16	1 1/2 - 1 5/8	6 9/16 - 6 11/16	3 3/8 - 3 1/2	9/16 - 11/16	4 1/16 - 4 3/16
1-year	6 1/8 - 6 1/4	3 1/4 - 3 3/8	1 9/16 - 1 11/16	6 13/16 - 6 15/16	3 1/2 - 3 5/8	11/16 - 3/4	4 1/4 - 4 3/8

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev
Discount rate	5.00	5.00
Prime rate	8 1/2	8 1/2
Federal funds	Clsd.	5 9/16
90-day CDs dealers	—	5.48
180-day CP dealers	—	5.62
3 month Treasury bill	—	5.02
1-year Treasury bill	—	5.53
2-year Treasury bill	—	6.21
5-year Treasury note	—	6.58
7-year Treasury note	—	6.64
10-year Treasury note	—	6.74
30-year Treasury bond	—	6.98
Merrill Lynch 30-day RA	—	5.00
Japan		
Discount rate	0.50	0.50
Call money	0.45	0.43
1-month interbank	0.53	0.53
3-month interbank	0.54	0.53
6-month interbank	0.62	0.61
10-year Govt bond	2.80	2.80
Germany		
Lombard rate	4.50	4.50
Call money	3.08	3.05
1-month interbank	3.15	3.15
3-month interbank	3.20	3.20
6-month interbank	3.25	3.25
10-year Bund	5.88	5.89

Britain		
Bank base rate	6 1/4	6 1/4
Call money	Clsd.	6 1/4
1-month interbank	—	6 3/16
3-month interbank	—	6 7/16
6-month interbank	—	6 1/2
10-year Gilt	—	7.23
France		
Intervention rate	3.10	3.10
Call money	3 3/8	3 1/4
1-month interbank	3 7/16	3 1/4
3-month interbank	3 9/16	3 3/8
6-month interbank	3 5/8	3 7/16
10-year OAT	5.75	5.76

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	342.30	343.05	+0.55
London	Clsd.	—	—
New York	Clsd.	—	—

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (June.)

Source: Reuters.

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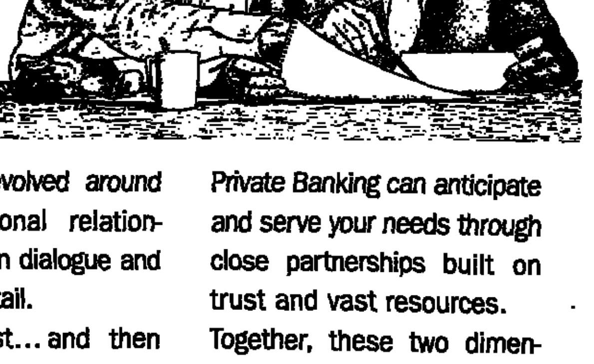

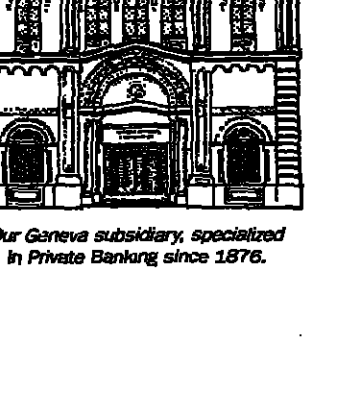

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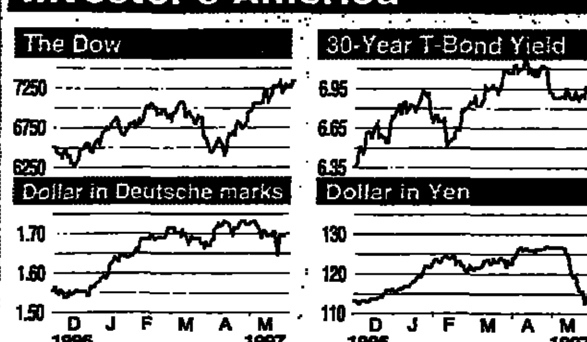
Investor's America



Exchange	Index	Monday @3.30PM	Prev. Close	% Change
NYSE	The Dow	Closed	7345.91	-
NYSE	S&P 500	Closed	847.03	-
NYSE	S&P 100	Closed	831.95	-
NYSE	Composite	Closed	440.28	-
U.S.	Nasdaq Composite	Closed	1389.72	-
AMEX	Market Value	Closed	597.94	-
Toronto	TSE Index	6484.00	6421.50	+0.97
São Paulo	Bovespa	10812.15	10764.08	+0.45
Mexico City	Bolsa	3981.01	3989.65	-0.22
Buenos Aires	Merval	769.64	767.96	+0.22
Santiago	IPSA General	5488.38	5490.86	-0.05
Caracas	Capital General	N.A.	6746.69	-

Source: Bloomberg, Reuters International Herald Tribune

Very briefly:

• **American** companies expect to hire more workers this summer than at any time over the past nine years, according to Manpower Inc.'s quarterly survey of 16,000 businesses. Thirty percent of the companies surveyed expected to hire employees in the third quarter, while 5 percent planned to cut workers, the employment agency said.

• **U.S.** business confidence jumped in May in response to an economy and stock market that continued to "make impressive gains," according to an industry survey. The Cahners Business Confidence Index rose 1.1 points, to 67.5, after falling in April.

• **Sao Paulo's** mayor was asked to explain the use of more than $1 billion raised through bond issues to a commission investigating alleged state and city bond fraud.

• **Colombia's** net foreign reserves reached an all-time high of $10.12 billion as of May 9, the central bank said.

• **Mexico** recorded a trade surplus of $109 million in April, its smallest surplus in 27 months, according to a preliminary report released by the Finance Ministry.

• **Placer Dome Inc.** agreed to sell its Kiena and Sigma gold mines in Quebec and some related properties to **McWatters Mining Inc.** for $70 million. *Bloomberg, Bridge News, Reuters*

Weekend Box Office

The Associated Press

LOS ANGELES — "The Lost World: Jurassic Park" dominated the U.S. box office over the weekend, with a gross of $69.1 million. Following are the Top 10 moneymakers, based on Friday's ticket sales and estimated sales for Saturday and Sunday.

1. The Lost World: Jurassic Park	(Universal)	$69.1 million
2. Addicted to Love	(Warner Bros.)	$9.4 million
3. The Fifth Element	(Columbia Pictures)	$6 million
4. Breakdown	(Paramount)	$4.2 million
5. Austin Powers	(New Line Cinema)	$3.8 million
5. Father's Day	(Warner Bros.)	$3.8 million
7. Liar Liar	(Universal)	$2.9 million
8. Night Falls on Manhattan	(Spelling Films)	$1.62 million
9. Volcano	(Twentieth Century-Fox)	$1.5 million
10. Romy and Michelle's Reunion	(Touchstone Pictures)	$1.2 million

Call for Cyberspace Curtain

By Steve Lohr
New York Times Service

NEW YORK — In the face of growing concerns about privacy in cyberspace, a group of about 40 companies was due to propose standard software Tuesday intended to enable computer users to control what personal information is obtained when they visit Internet sites and how that information is used, as well as avoid unwanted e-mail.

The initiative, led by Netscape Communications Corp., an Internet software maker, is an attempt to cope with privacy issues that threaten to slow the growth of Internet commerce and lead to government regulation.

Netscape is leading the industry initiative to cope with privacy issues.

Americans are far more concerned about privacy on the Internet than they are about personal and financial information they give out over the telephone and through the mail, according to a recent survey conducted by the Boston Consulting Group.

Forty-one percent of the 9,300 people who responded to the on-line survey said they left Web sites rather than provide such registration information as their names, phone numbers and e-mail addresses, while 27 percent said they gave false information.

The Boston Consulting report also estimated that as much as $6 billion in additional electronic commerce would be transacted by the year 2000 if concerns about privacy on the Internet were addressed.

The industry proposal, called the Open Profiling Standard, is partly an attempt to address those qualms. But it is also an effort to convince the government that regulation is not needed.

The industry argued against government controls last summer in voluntary hearings before the Federal Trade Commission. The commission's stance has been that privacy in cyberspace is a crucial consumer protection issue, but that the industry should be given a chance to show it can deal with the problem.

Since the 1996 hearings, the commercialization of the Internet has steadily grown. One by-product of that evolution is the recent surge in the volume of electronic junk mail, pitching products and get-rich schemes, whose promoters can often easily find e-mail addresses from on-line services or on-line merchants.

But Internet privacy concerns run far deeper than the nuisance of junk e-mail. A person surfing the Internet leaves a digital trail with each mouse click, allowing Web site operators to closely monitor a person's movements through cyberspace, preferences and interests. Internet technology permits marketers to personalize on-line products and services, but it also has the capacity for abuse, especially if information about a person collected at one Web site is passed on to other companies without the person's consent.

How well the industry is moving to address these kinds of privacy issues will be the subject of four days of public hearings to be held by the Federal Trade Commission starting June 10. The commission will submit a report to Congress in the fall on how well the private-sector initiatives are working and will recommend what role, if any, the government should play in protecting privacy on the Internet.

Government officials and industry analysts say the proposal made this week seems to be a significant step, though much will depend how it is put into effect.

"This is important," Christine Varney, a commissioner of the Federal Trade Commission said. "The technology tools and standards are essential to protecting privacy in cyberspace. They are a necessary, but not a sufficient answer to the problem."

The proposal, based on the principle of informed consent, was drafted mainly by a handful of Internet software companies like Netscape, Firefly and Verisign. It also has the support of leading technology companies such as International Business Machines Corp. and Sun Microsystems Inc., media businesses such as Knight-Ridder Inc. and The New York Times Co., and advertising firms such as J. Walter Thompson and Organic Online.

The proposal will be presented to the Worldwide Web Consortium, the main arbiter of industry-wide standards for Internet software. Using the profile standard, a person would fill out a form including basic descriptive information such as name, address, zip code and e-mail, as well as extra information if one chooses to enter it — age, marital status and hobbies.

One significant Internet software company was not included in the proposal, Microsoft Corp., which is Netscape's main rival. Vying for leadership in standards setting is part of the competition between them.

French Franc Tumbles On EMU Concerns

Compiled by Our Staff From Dispatches

PARIS — The French franc lost ground against the Deutsche mark Monday as the unexpectedly strong showing by the Socialists in the first round of the French legislative elections fueled concern about the single European currency.

The franc declined amid worries that if the Socialists won the runoff elections on Sunday, they were unlikely to take the austerity measures necessary to qualify the country for European currency union planned for 1999.

FOREIGN EXCHANGE

To qualify for EMU, France must bring its public deficit down to 3 percent of gross domestic product by the end of this year from 4.2 percent at the end of last year.

Doubt that Europe will be able to introduce the euro often lifts the mark by fueling expectations the mark will remain Europe's main currency. "The market is getting nervous and concerned about the prospect of the monetary union," said Satoshi Soda, assistant manager in the foreign exchange and international treasury division at Sakura Bank Ltd. in Tokyo.

The franc depreciated to 3.3745 against the mark in European trading from 3.3685 on Friday.

But against the dollar, the franc remained largely unchanged, with the dollar quoted at 5.7005 francs in Paris, compared with a New York close of 5.7085 on Friday.

"The uncertainty about the euro pushed the mark forward against the dollar," said Thomas Neemann, a trader at Bankhaus Hermann Lampe in Dusseldorf. "If the leftists win in the next round, that's not going to be good for the dollar, since France and Germany are the linchpins of the euro."

Trading was thin because British and American financial markets were closed Monday for holidays.

The dollar fell to 1.6860 DM from 1.6938 DM late Friday in New York. The dollar bought 116.04 yen, up from 115.55 yen Friday.

Dealers said the dollar had been depressed by proxy against the mark in place of the franc, and they warned that the franc might slump further on Tuesday when U.S. and British traders returned to the markets.

(AFP, Reuters, Bloomberg)

GM Workers End Strike in Oklahoma City

The Associated Press

OKLAHOMA CITY — Union members returned to work Monday at a General Motors Corp. assembly plant, ending a strike that had idled 3,500 employees for seven weeks.

Maintenance workers of United Auto Workers Local 1999 prepared the plant for production shifts Tuesday, when most union members will be back. On Sunday, the local overwhelmingly decided to return to work pending a vote on a tentative contract reached by union and GM negotiators one day earlier.

That vote could come next week, said the local's president, Steve Featherston.

The focus may now shift to 5,900 members of the United Auto Workers Local 594, which is still on strike over staffing levels at a GM truck assembly plant in Pontiac, Michigan. More negotiations were expected Tuesday.

Employees struck the Oklahoma City plant on April 4. Workers complained that numerous job-related injuries were occurring because fewer employees were doing more work.

GM said the two strikes had cost $225 million in lost production.

Welfare to Work: Not the Rule for U.S. Firms

The Associated Press

WASHINGTON — Shayna Reeves walked to the podium, accepted her diploma and, with apologies for her nervous laugh, spoke to her fellow graduates.

"We must take control of our lives, every day knowing we have the ability to rise to the top," she said. "We have the ability to do great things."

It may have been a typical display of confidence for a graduate on commencement day, but it was anything but typical for Ms. Reeves and the five other women crossing the bridge from welfare to work.

They are products of Marriott Corp.'s comprehensive training program, a national model for business seeking to help move people from welfare to work.

President Bill Clinton is prodding other companies to follow that lead. But an Associated Press survey of the 100 largest companies in the United States indicates that companies like Marriott are the exception as changes in the welfare system begin to pressure people into the world of work.

Just eight of the companies have programs in place to hire people coming off the welfare rolls and 15 others say they are considering or working on initiatives.

But 77 of the 100 biggest companies have no plans to hire anyone off welfare — unless someone on welfare happens to apply and get a job the usual way, according to interviews with each company.

"While we support the president's goal, most of the jobs that International Business Machines Corp. needs to fill require highly specialized skills and training," said Fred McNeese, an IBM spokesman, reflecting the sentiments of numerous companies.

Jeffrey Joseph of the U.S. Chamber of Commerce put it bluntly: "If there's a molecular biologist hanging out on welfare, he may fit the potential job matrix of a major pharmaceutical company."

Other companies said they were not hiring. "For the most part we're in a downsizing situation," said Tim Klein of BellSouth Corp.

Even companies that hire large numbers of low-skilled workers — including Safeway Inc., J.C. Penney Co. and PepsiCo Inc.'s Taco Bell Corp. and KFC Corp. — have no plans to recruit people off welfare.

There were a few bright spots in the survey. United Airlines has created a mentoring program for welfare recipients and plans to hire 2,000 people by 2000. Sears, Roebuck & Co. is developing a national initiative and has hired nine people off welfare in Tennessee. But success will require more than a handful of companies.

To Our Readers

Financial markets and banks in the United States and Britain were closed Monday for holidays.

WORLD STOCK MARKETS

Monday, May 26
Prices in local currencies.
Telekurs

Amsterdam — AEX index: 812.19 Previous: 803.96

	High	Low	Close	Prev.
ABN-AMRO	36.90	36.30	36.80	36.30
Aegon	145.90	143	145.20	142.40
Ahold	148.70	147.40	148.40	147.20
Akzo Nobel	266	262.60	266	263.20
Baan Co.	119	115.30	118.90	115.60
Bols Wess cva	37.70	36.90	37.70	37.20
CSM cva	103	102.20	103.20	102.20
Dordtsche Pet	385	380.20	384	381
DSM	197.60	195.80	197.60	196.70
Elsevier	32.90	32.50	32.80	32.40
Fortis Amev	82.50	80	82.20	79.90
Getronics	66.50	63.80	66.20	63.50
G-Broc cva	66.20	65.10	65.30	66.50
Hagemeyer	96.50	94.30	96.28	93.80
Heineken	329.10	328	328.90	328.20
Hoogovens cva	99.30	98.30	99.30	99
Hunt Douglas	174	171	173	170
ING Group	89.20	86.10	88.80	86.10
KLM	57.50	56.90	57.20	56.80
KNP BT	40.40	40	40.20	40
KPN	68.90	67.90	68.20	69
Nedlloyd Gp	48	47.40	47.60	47.90
Nutricia	303	301	302	301
Oce Grinten	242	240	242	240.20
Philips Elec	111.10	108.80	109.10	109.60
Polygram	96.80	94.40	95.20	96
Randstad Hdg	195	193	194.20	192
Robeco	172.50	171.60	172.50	171.40
Rodamco	60.70	60.20	60.60	60.30
Rolinco	175.10	175.10	175.10	174.50
Rorento	110	109.70	109.80	110.20
Royal Dutch	374.50	368.80	373.50	368
Unilever cva	383.50	380.70	382.80	380.90
Vendex Intl	110.80	108.30	110	108.60
VNU	44.10	43.30	43.70	43.90
Wolters Kl cva	236.20	233.10	235.10	234.40

Bangkok — SET index: 568.36 Previous: 581.13

	High	Low	Close	Prev.
Adv Info Svc	173	158	162	175
Bangkok Bk F	216	204	206	218
Krung Thai Bk	29.25	27.25	28.75	30.25
PTT Explor	318	302	306	322
Siam Cement F	560	548	558	558
Siam Com Bk F	132	126	127	133
Telecomasia	31	28	30.75	30.75
Thai Airways	39	37	37	39.25
Thai Farm Bk F	116	112	116	122
Utd Comm	117	106	117	117

Bombay — Sensex 30 index: 3781.65 Previous: 3786.37

	High	Low	Close	Prev.
Bajaj Auto	856	846	852	845.75
Hindust Lever	1052	1025	1035.25	1046.25
Hindust Petlm	422.50	417.25	422	421
Ind Dev Bk	94.75	92.50	93.50	90.75
ITC	428	423	425.25	427
Mahanagar Tel	276.25	273	274.50	273
Reliance Ind	291	287.50	288.50	287.25
State Bk India	304.75	301.50	303	300.25
Steel Authority	21.25	20.75	21	21.25
Tata Eng Loco	403.75	393.25	400	391.50

Brussels — BEL-20 index: 2279.84 Previous: 2247.78

	High	Low	Close	Prev.
Almanij	17600	16500	16600	15425
Barco Ind	6400	6330	6330	6390
BBL	9240	9000	9300	9050
CBR	3440	3400	3415	3435
Colruyt	14650	14375	14650	14450
Delhaize Lion	1780	1770	1780	1770
Electrabel	8300	8270	8290	8290
Electrafina	3540	3520	3520	3540
Fortis AG	6800	6650	6800	6720
Gevaert	3520	3310	3340	2975
GBL	5630	5590	5610	5590
Gen Banque	14225	14075	14225	14075
Kredietbank	14575	14200	14400	14200
Petrofina	12900	12800	12875	12900
Powerfin	5110	5090	5110	5100
Royale Belge	10000	9920	9940	9920
Soc Gen Belg	3380	3320	3370	3330
Solvay	21725	21525	21650	21700
Tractebel	15425	15350	15400	15375
UCB	97050	95950	97050	97050

Copenhagen — Stock Index: 588.73 Previous: 578.36

	High	Low	Close	Prev.
BG Bank	314	308	312	312
Carlsberg B	400	395	396	398
Codan Fors	911.37	907	907	900
Danisco	406.50	401	404	403
Den Danske Bk	630	619	626	619
D/S Svendbrg B	350000	350000	350000	345000
D/S 1912 B	244500	239000	241000	240000
FLS Ind B	1061.59	1049	1050	1049
Kob Lufthavne	720	704	704	713
Nvo Nordisk B	710	699	703	705
Sophus Ber B	889.33	884	888	891
Tele Danmk B	333	327	329	330
Tryg Baltica	360	354	360	354
Unidanmark A	356	348	354	350

Frankfurt — DAX: 3657.86 Previous: 3602.19

	High	Low	Close	Prev.
AMB B	1475	1380	1475	1325
Adidas	189.80	187	187	187.90
Allianz Hdg	373	359	373	359.50
Altana	1551	1530	1538	1562
Bk Berlin	39.70	39.30	39.65	39.38
BASF	66.20	64.80	66.05	64.38
Bayer Hypo Bk	58.45	58	58.40	57.62
Bay.Vereinsbank	73.50	72.80	73.40	73
Bayer	68.40	67.37	68.37	65.85
Beiersdorf	92.75	90	91.80	90
Bewag	43.20	42.80	43.20	42
BMW	1463	1438	1461	1426
CKAG Colonia	172.50	170.50	171.50	170
Commerzbank	50.75	50	50.75	49.55
Daimler Benz	134.40	132.60	134.05	133.58
Degussa	82.20	81.80	81.90	81.90
Deutsche Bank	99.70	99.15	99.60	98.40
Deut Telekom	40.10	39.30	40	39.40
Dresdner Bank	62	61.60	61.95	62.82
Fresenius	358	355.50	355.50	357
Fresenius Med	148.90	146.30	148.90	147
Fried. Krupp	321	319.50	321	319.80
Gehe	128	124	124	121.20
Heidelbg Zmt	168	166.50	166.50	166
Henkel pfd	98.50	97.60	98.50	99
HEW	487	487	487	487
Hochtief	78	77.80	78	77.10
Hoechst	69.60	68.05	69.15	66.60
Karstadt	611	604	608	605.50
Lahmeyer	77	76.40	76.40	76.50
Linde	1255	1240	1251	1253
Lufthansa	28.30	28.15	28.30	28.32
MAN	516.50	514	516	509.90
Mannesmann	733	726	727	724
Metallgesellschaft	37.45	37.40	37.45	37.15
Metro	181	178	178	178
Munch Rueck R	4485	4320	4475	4345
Preussag	474.50	465.50	467	469.50
RWE	75.80	74.80	75.30	74.50
SAP pfd	319.50	315.20	316.50	316.50
Schering	174.50	173.40	173.80	174
SGL Carbon	244.50	240.50	242.50	241.60
Siemens	99.85	98.42	99.78	98.15
Springer (Axel)	1490	1490	1490	1490
Suedzucker	915	895	914	900
Thyssen	393.50	391	392.50	391.50
Veba	98.25	97.50	98.15	97.65
VEW	505	505	505	505
Viag	781	773	775	776
Volkswagen	1144	1136	1142	1140

Helsinki — HEX General index: 3105.61 Previous: 3120.88

	High	Low	Close	Prev.
Enso A	47	46.50	47	46.50
Huhtamaki I	235	234	235	235
Kemira	51	50.60	51	50.50
Kesko	74	73.50	73.70	74
Merita A	18	17.90	17.90	18
Metra B	144.90	142.50	144.50	142.10
Metso-Serla B	42.50	42	42	42.20
Neste	136	136	136	138
Nokia A	357	350.80	351	355
Orion-Yhtymae	208	206	206	205
Outokumpu A	103	102.50	103	103
UPM-Kymmene	123.50	122.50	123	122.80
Valmet	92	91.20	91.60	91.20

Hong Kong — Hang Seng: 14574.64 Previous: 14331.68

	High	Low	Close	Prev.
Amoy Props	9.15	8.90	9.05	8.90
Bk East Asia	28.55	28.25	28.45	28.25
Cathay Pacific	11.75	11.55	11.60	11.75
Cheung Kong	80	77.75	80	77
CK Infrastruct	24.85	24.15	24.70	24.15
China Light	39.10	38.30	39.10	38.20
Citic Pacific	45.80	44.60	45.80	44.60
Dao Heng Bk	41	40.10	41	40
First Pacific	9.90	9.60	9.80	9.45
Hang Lung Dev	15.10	14.80	14.95	15
Hang Seng Bk	93	90.50	93	90.25
Henderson Inv	8.85	8.65	8.85	8.65
Henderson Ld	77.75	74.75	77.75	75.50
HK China Gas	12.90	12.50	12.90	12.45
HK Electric	27.75	27.15	27.70	27.10
HK Telecomm	16.25	15.95	16.15	16
Hopewell Hdgs	4.08	4.03	4.03	4.03
HSBC Hdgs	227	221	226	222
Hutchison Wh	65	64	64.75	63.50
Hysan Dev	25.50	25.20	25.30	25.20
Johnson El Hdg	22.15	21.95	22	22
Kerry Props	19.40	19.15	19.40	19.15
New World Dev	50.50	49.60	50.25	49.50
Oriental Press	2.70	2.63	2.63	2.65
Pearl Oriental	3.03	2.90	2.93	2.90
SHK Props	96.25	94.50	96.25	94.75
Shun Tak Hdgs	5.10	5	5.10	5
Sino Land Co.	8.45	8.30	8.40	8.45
Sth China Post	7.10	7	7	7.05
Swire Pac A	65.25	63.75	64.25	65
Wharf Hdgs	34.40	33.70	34.30	33.50
Wheelock	19.95	19.55	19.85	19.40

Jakarta — Composite index: 663.28 Previous: 658.52

	High	Low	Close	Prev.
Astra Intl	6050	5950	5950	6000
Bk Intl Indon	1850	1825	1850	1850
Bk Negara	1550	1500	1525	1500
Gudang Garm	9900	9850	9900	9850
Indocement	3000	2950	3000	3000
Indofood	5100	5050	5100	5050
Indosat	6825	6800	6825	6800
Sampoerna HM	9500	9425	9425	9475
Semen Gresik	5725	5575	5650	5550
Telekomunikasi	3800	3700	3800	3700

Johannesburg — All Market: 7867.47 Previous: 7871.71

	High	Low	Close	Prev.
Amalgamtd Bks	29.95	28.75	28.75	29.75
AngloAm Coal	296	295	296	293
AngloAm-Corp	267	266.50	266.50	266
AngloAm Gold	306.25	304	305.25	302.75
AngloAm Ind	188	187.25	188	188
AVMIN	16.30	14.15	16.15	16.30
Barlow	45.50	45	45.50	45.25
C.G. Smith	25.25	24.90	25.20	25
De Beers	159.50	159	159	158.50
Driefontein	39.10	39	39.10	38.90
Fst Natl Bk	33.25	32.50	33.25	32.90
Gencor	19.35	19	19.35	19.05
GFSA	112.75	112.75	112.75	112.75
Imperial Hdgs	57	56.50	57	56.50
Ingwe Coal	29.90	29.85	29.85	29.90
Iscor	3.04	2.98	2.98	3.05
Johnnies Indl	56	55	55.75	56.75
Liberty Hdgs	349	348	348.50	348
Liberty Life	129	128.25	129	128.75
LibLife Strat	16.85	16.50	16.75	16.75
Minorco	100	99.75	99.75	100
Nampak	17.50	17.35	17.45	17.35
Nedcor	88.50	88.25	88.25	88
Rembrandt Gp	48.05	47.80	47.80	48
Richemont	63	61.50	62.50	62
Rust Platinum	70	69.50	69.50	70
SA Breweries	128.25	127.25	127.25	128
Samancor	47.25	47	47.25	47
Sasol	56.25	55.50	56.25	55.50
SBIC	208	200	205	213
Tiger Oats	75.25	75	75.25	75

Kuala Lumpur — Composite: 1081.19 Previous: 1070.20

	High	Low	Close	Prev.
AMMB Hdgs	15.90	15.80	15.90	15.70
Genting	13.50	13.10	13.50	13.10
Mal Banking	25.25	24.90	25	25
Mal Intl Ship F	5.60	5.60	5.60	5.60
Petronas Gas	8.75	8.60	8.75	8.65
Proton	12.90	12.30	12.50	12.90
Public Bk	4.68	4.50	4.56	4.68
Renong	3.50	3.42	3.46	3.46
Resorts World	8.80	8.65	8.65	8.60
Rothmans PM	26.25	25.25	26	25
Sime Darby	8.30	8.15	8.25	8.35
Telekom Mal	17.20	17	17	17
Tenaga	11.40	11.10	11.30	11.10
Utd Engineers	19.80	19.40	19.60	19.80
YTL	9.35	8.95	9.30	9.30

Markets Closed

The London stock market was closed Monday for a holiday and there was no trading in Manila due to a storm.

Madrid — Bolsa index: 578.73 Previous: 558.90

	High	Low	Close	Prev.
Acerinox	24940	24110	24880	24580
ACESA	1875	1830	1865	1835
Aguas Barcelon	5820	5720	5820	5760
Argentaria	7580	7260	7500	7290
BBV	10280	10080	10300	10010
Banesto	1630	1585	1610	1580
Bankinter	26990	24500	26000	24810
Bco Centro Hisp	4985	4920	4975	4920
Bco Popular	33250	32740	33150	32800
Bco Santander	12870	12160	12600	12130
CEPSA	5070	4950	5070	5020
Continente	2895	2810	2895	2825
Corp Mapfre	7870	7770	7850	7780
Endesa	11660	11200	11640	11300
FECSA	1320	1245	1310	1245
Gas Natural	28880	28010	28880	28000
Iberdrola	1920	1820	1920	1850
Pryca	2925	2820	2925	2875
Repsol	6240	6130	6190	6180
Sevillana Elec	1450	1390	1430	1405
Tabacalera	7640	7460	7640	7420
Telefonica	4440	4305	4425	4330
Union Fenosa	1345	1290	1340	1305
Valenc Cement	2065	2000	2065	2045

Mexico — Bolsa index: 3982.77 Previous: 3988.29

	High	Low	Close	Prev.
Alfa A	47.20	46.50	46.75	46.80
Banacci B	17.80	17.72	17.80	17.80
Cemex CPO	29.90	28.55	29.00	28.50
Cifra C	12.80	12.40	12.80	12.18
Emp Modema	39.40	39.40	39.40	39.70
Gpo Carso A1	47.50	47.25	47.25	47.45
Gpo F Bcomer	1.84	1.81	1.81	1.84
Gpo Fin Inbursa	28.55	28.45	28.45	28.65
Kimb Clark Mex	28.55	27.95	28.00	28.55
Televisa CPO	113.80	113.80	113.80	114.00
TelMex L	17.42	17.38	17.42	17.42

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Milan — MIB Telematico: 12253.00 Previous: 12471.00

	High	Low	Close	Prev.
Alleanza Assic	11350	11240	11250	11380
Bca Comm Ital	3445	3350	3350	3450
Bca Fideuram	4570	4500	4508	4500
Bca di Roma	1275	1245	1265	1310
Benetton	23350	23100	23100	23250
Credito Italiano	2515	2485	2505	2535
Edison	8320	8220	8220	8320
ENI	8930	8810	8810	8990
Fiat	5520	5480	5420	5465
Generali Assic	29400	29000	29050	29200
IMI	15370	15180	15100	15455
INA	2390	2375	2380	2395
Italgas	5360	5265	5265	5358
Mediaset	7650	7580	7585	7660
Mediobanca	10025	9900	9900	10070
Montedison	1065	1052	1053	1065
Olivetti	507	496	496	507
Parmalat	2550	2525	2535	2550
Pirelli	3655	3555	3565	3620
RAS	13550	13315	13320	13455
Rolo Banca	17925	17500	17625	17705
S Paolo Torino	10800	10750	10785	10735
Stet	8665	8515	8515	8710
Telecom Italia	4710	4630	4630	4700
TIM	5230	5085	5090	5255

Montreal — Industrials index: 3283.11 Previous: 3258.85

	High	Low	Close	Prev.
Bce Mob Com	44.40	44.05	44.40	43.15
Cdn Tire A	26	25.85	26	25.95
Cdn Util A	35½	35.10	35.30	35.35
CT Finl Svc	34½	34½	34½	34.20
Gaz Metro	17.45	17¼	17¼	17½
Gt-West Lifeco	27.60	27.60	27.60	27
Imasco	40	39.70	40	39.65
Investors Grp	28¼	28.10	28¼	28
Loblaw Cos	18.90	18.90	18.90	18.80
Natl Bk Canada	16.90	16½	16.80	16.55
Power Corp	32	31.80	32	31.90
Power Finl	30	29.80	30	30
Quebecor B	25.70	25.60	25.70	25.70
Rogers Comm B	7.15	7.15	7.15	7.20
Royal Bk Cda	61½	60¼	61½	60.10

Oslo — OBX index: 640.20 Previous: 632.58

	High	Low	Close	Prev.
Aker A	132	130.50	130.50	130.50
Bergesen Dy A	165	160	164	160
Christiania Bk	25.10	24.40	24.90	24.40
Den norske Bk	28.50	28	28.30	27.90
Elkem	145.50	139	144	139.50
Hafslund A	44	43	43.50	44
Kvaerner Asa	430	415	430	410
Norsk Hydro	363	361	362	363.50
Norske Skog A	252	245.50	252	245
Nycomed A	101	99	99	98.50
Orkla Asa A	626	621	625	627
Petlm GeoSvc	314	310	311	309
Saga Petlm A	141.50	139	140	139
Schibsted	135	134	134	134
Transocean Off	480	473	480	480
Storebrand Asa	47.40	45.80	47.30	46.40

Paris — CAC-40: 2654.74 Previous: 2762.90

	High	Low	Close	Prev.
Accor	880	856	863	896
AGF	190.80	183.50	185.90	194.60
Air Liquide	890	855	879	907
Alcatel Alsth	668	652	661	680
Axa-UAP	366	360.90	364	371.60
Bancaire	698	683	687	713
BIC	869	850	853	876
BNP	250.50	244.20	247	263
Canal Plus	1060	1026	1042	1050
Carrefour	3800	3692	3730	3850
Casino	273	267	270	279.50
CCF	255.80	249	252.10	264.10
Cetelem	630	602	620	619
Christian Dior	888	851	865	897
CLF-Dexia Fran	538	526	533	545
Credit Agricole	1262	1262	1262	1301
Danone	889	875	883	914
Elf-Aquitaine	607	591	597	623
Eridania BS	865	838	842	891
Eurodisney	9	8.85	9	8.95
Eurotunnel	6.55	6.40	6.45	6.40
Gen. Eaux	776	758	760	794
Havas	423.90	413.50	420	429
Imetal	779	741	777	789
Lafarge	379	370.10	371	386.50
Legrand	939	910	914	951
L'Oreal	2129	2029	2039	2162
LVMH	1424	1390	1393	1450
Lyon. Eaux	578	560	576	587
Michelin B	340	333.20	334.10	348.50
Paribas A	394.90	385	389	399.10
Pernod Ricard	302	293.50	298.40	301.20
Peugeot Cit	613	599	605	630
Pinault-Print	2470	2361	2396	2540
Promodes	2100	2010	2039	2138
Renault	150.60	142	146.60	153.90
Rexel	1580	1540	1560	1600
Rh-Poulenc A	193	187.80	190.80	198.70
Sanofi	548	526	527	556
Schneider	306.40	298.50	300.50	315
SEB	990	955	971	997
SGS Thomson	479.90	443.20	468	459.80
Ste Generale	672	654	654	696
Sodexho	2750	2640	2677	2749
St Gobain	805	781	794	822
Suez	301.40	291.60	300	313.40
Synthelabo	701	671	694	710
Thomson CSF	179.40	171.30	171.30	189.50
Total B	553	535	538	560
Usinor	90	86.50	86.75	92.80
Valeo	353.50	345.50	353.50	358

São Paulo — Bovespa index: 10811.49 Previous: 10764.80

	High	Low	Close	Prev.
Bradesco Pfd	8.65	8.35	8.45	8.55
Brahma Pfd	779.50	776.00	777.00	779.95
Cemig Pfd	48.40	47.80	48.40	47.80
CESP Pfd	60.90	57.50	60.20	57.39
Copel	15.99	15.50	15.50	15.60
Eletrobras	486.00	482.00	486.00	483.00
Itaubanco Pfd	540.00	539.00	539.00	544.00
Light Servicios	529.99	525.00	526.00	529.99
Lightpar	359.99	355.00	359.78	360.00
Petrobras Pfd	247.00	242.00	245.00	242.00
Paulista Luz	160.00	155.00	160.00	155.00
Sid Nacional	35.99	35.20	35.30	36.00
Souza Cruz	9.55	9.30	9.50	9.30
Telebras Pfd	138.40	137.30	138.40	137.50
Telemig	151.00	150.00	150.53	150.51
Telerj	164.03	158.01	164.03	159.00
Telesp Pfd	353.00	349.01	350.00	353.00
Unibanco	37.00	37.00	37.00	37.20
Usiminas Pfd	1.19	1.17	1.19	1.19
CVRD Pfd	24.70	24.50	24.60	24.60

Seoul — Composite index: 718.99 Previous: 730.53

	High	Low	Close	Prev.
Dacom	100000	95000	98000	100000
Daewoo Heavy	7680	6900	7050	7680
Hyundai Eng.	19300	18300	18400	19100
Kia Motors	16100	15700	15700	16000
Korea El Pwr	26600	25900	26200	26400
Korea Exch Bk	6000	5550	5550	5810
Korea Mob Tel	380000	361000	378500	372000
LG Semicon	33500	31200	33300	33200
Pohang Iron St	58000	56500	57200	57500
Samsung Display	44600	43500	43800	43900
Samsung Elec	62500	61100	61100	61900
Shinhan Bank	10700	10200	10200	10700

Singapore — Straits Times: 2056.32 Previous: 2055.36

	High	Low	Close	Prev.
Asia Pac Brew	7	7	7	7
Cerebos Pac	8.80	8.70	8.70	8.75
City Devlts	12.80	12.60	12.70	12.70
Cycle Carriage	14.60	14.50	14.50	14.50
Dairy Farm Intl *	0.75	0.73	0.74	0.74
DBS foreign	18.90	18.80	18.80	18.90
DBS Land	4.92	4.82	4.84	4.86
Fraser & Neave	11.50	11.30	11.30	11.40
HK Land *	2.78	2.69	2.77	2.69
Jard Matheson *	6.95	6.80	6.85	6.85
Jard Strategic *	3.72	3.62	3.72	3.70
Keppel	6.80	6.70	6.70	6.80
Keppel Bank	3.76	3.72	3.74	3.66
Keppel Fels	4.84	4.80	4.84	4.80
Keppel Land	4.14	4.08	4.12	4.10
OCBC foreign	18.40	18.20	18.40	18.10
OS Union Bk F	10.10	9.75	10	9.85
Parkway Hdgs	6.70	6.45	6.50	6.70
Sembawang	7.05	6.85	7.05	6.80
Sing Air foreign	12.90	12.40	12.90	12.40
Sing Land	7.20	7.05	7.20	7.05
Sing Press F	29.60	29.30	29.40	29.20
Sing Tech Ind	3.96	3.86	3.96	3.86
Sing Telecomm	2.50	2.45	2.46	2.50
Tat Lee Bank	3.36	3.34	3.34	3.34
Utd Industrial	1.14	1.11	1.13	1.12
Utd O'Sea Bk F	15.30	15.20	15.30	15.10
Wing Tai Hdgs	4.34	4.20	4.34	4.28

*: in U.S. dollars.

Stockholm — SX 16 index: 3182.94 Previous: 3086.35

	High	Low	Close	Prev.
AGA B	107	105	105	106
ABB A	111	109	110.50	108.50
AssiDoman	216.50	211.50	213	217
Astra A	133	127.50	134	131.50
Atlas Copco A	226	222	225	223.50
Autoliv	308	301	304.50	300
Electrolux B	486	480	482	483.50
Ericsson B	282	276	277.50	279
Hennes B	259	254	256	254
Incentive A	706	693	697	706
Investor B	393	387	390	390
MoDo B	254	249	250	250
Nordbanken	247	243	245	246.50
Pharm/Upjohn	264	261	262	262
Sandvik B	212	208.50	210	207.50
Scania B	225.50	221	224.50	223.50
SCA B	173	169	172.50	172
S-E Banken A	83.50	81.50	82	82.50
Skandia Fors	300	285	293	285
Skanska B	327	320	325	329
SKF B	191	184.50	186	183.50
Sparbanken A	148	145	146	147
Stadshypotek A	190	190	190	190
Stora A	119	117	118.50	117
Sv Handles A	216	212.50	213	216.50
Volvo B	215	209	214	209.50

Sydney — All Ordinaries: 2584.80 Previous: 2543.90

	High	Low	Close	Prev.
Amcor	8.62	8.54	8.59	8.54
ANZ Bkng	8.55	8.37	8.53	8.32
BHP	19.42	18.75	18.92	19.32
Boral	4.01	3.86	3.98	3.83
Brambles Ind.	23.78	23.60	23.70	23.70
CBA	14.25	14.08	14.13	14.13
CC Amatil	15.45	15.10	15.45	15.11
Coles Myer	6.23	5.99	6.23	5.99
Comalco	7.25	7.20	7.21	7.15
CRA	21.96	21.65	21.92	21.65
CSR	4.73	4.56	4.69	4.55
Fosters Brew	2.60	2.54	2.58	2.58
Goodman Fld	1.72	1.68	1.68	1.71
ICI Australia	12	11.95	12	11.90
Lend Lease	25.45	24.61	25.45	24.54
MIM Hdgs	1.92	1.85	1.92	1.84
Nat Aust Bank	19	18.75	18.93	18.79
Nat Mutual Hdg	1.97	1.93	1.95	1.92
News Corp	5.80	5.75	5.79	5.74
Pacific Dunlop	3.55	3.51	3.55	3.50
Pioneer Intl	4.46	4.33	4.46	4.30
Pub Broadcast	6.65	6.55	6.65	6.60
St George Bank	8.09	7.96	8.08	7.93
WMC	8.49	8.31	8.48	8.28
Westpac Bking	7.22	7.17	7.20	7.19
Woodside Pet	11.55	11.40	11.45	11.45
Woolworths	4.18	4.07	4.14	3.97

Taipei — Stock Market index: 8194.66 Previous: 8144.38

	High	Low	Close	Prev.
Cathay Life Ins	152	151	151	151
Chang Hwa Bk	121	119	119.50	119.50
Chiao Tung Bk	71.50	70	70.50	70
China Develpmt	120	116	117.50	116
China Steel	30.50	30	30.20	30.20
First Bank	119.50	117.50	117.50	118
Formosa Plastic	73.50	67.50	73	67.50
Hua Nan Bk	118	115.50	116.50	116
Intl Comm Bk	70.50	69	69.50	69.50
Nan Ya Plastics	75	71	74.50	71
Shin Kong Life	92.50	91	91.50	91
Taiwan Semi	114.50	111	113	110
Tatung	57	55.50	57	56
Utd Micro Elec	75	72	73	71.50
Utd World Chin	69	68	68	68.50

Tokyo — Nikkei 225: 20043.50 Previous: 20009.08

	High	Low	Close	Prev.
Ajinomoto	1210	1180	1180	1180
All Nippon Air	777	770	772	767
Amway	4350	4250	4300	4250
Asahi Bank	810	803	805	818
Asahi Chem	705	687	687	699
Asahi Glass	1170	1150	1160	1160
Bk Tokyo Mitsu	2140	2100	2130	2120
Bk Yokohama	570	565	569	565
Bridgestone	2670	2630	2670	2650
Canon	2910	2850	2910	2830
Chubu Elec	2140	2120	2130	2140
Chugoku Elec	2080	2060	2070	2070
Dai Nipp Print	2490	2400	2400	2470
Daiei	805	790	805	787
Dai-Ichi Kang	1380	1350	1380	1380
Daiwa Bank	450	438	445	458
Daiwa House	1400	1380	1380	1400
Daiwa Sec	864	850	855	850
DDI	6740a	8680a	8680a	6710a
Denso	2850	2800	2830	2850
East Japan Ry	5600a	5500a	5600a	5600a
Eisai	2320	2260	2310	2270
Fanuc	4180	4090	4180	4080
Fuji Bank	1550	1520	1540	1520
Fuji Photo	4660	4570	4640	4620
Fujitsu	1370	1350	1360	1360
Hachijuni Bk	1140	1120	1130	1130
Hitachi	1240	1210	1210	1230
Honda Motor	3610	3560	3580	3530
IBJ	1420	1400	1410	1420
IHI	490	481	481	486
Itochu	635	625	633	630
Ito-Yokado	6860	6810	6840	6790
JAL	548	537	537	545
Japan Tobacco	8980a	8940a	8980a	8880a
Jusco	4160	4070	4070	4090
Kajima	673	660	660	660
Kansai Elec	2300	2280	2290	2290
Kao	1580	1560	1570	1590
Kawasaki Hvy	533	528	533	531
Kawa Steel	359	353	359	356
Kinki Nipp Ry	704	702	703	704
Kirin Brewery	1170	1150	1160	1180
Kobe Steel	226	223	225	225
Komatsu	889	878	885	877
Kubota	555	553	554	553
Kyocera	7940	7820	7920	7860
Kyushu Elec	2060	2040	2050	2050
LTCB	382	373	378	372
Marubeni	525	517	520	519
Marui	2220	2170	2170	2170
Matsu Comm	3510	3470	3500	3440
Matsu Elec Ind	2170	2120	2170	2120
Matsu Elec Wk	1300	1280	1300	1290
Mitsubishi	1420	1380	1420	1360
Mitsubishi Ch	381	374	375	377
Mitsubishi El	692	672	673	682
Mitsubishi Est	1630	1610	1610	1630
Mitsubishi Hvy	871	863	865	863
Mitsubishi Mat	920	905	910	905
Mitsubishi Tr	1600	1580	1590	1580
Mitsui	1030	1020	1020	1020
Mitsui Fudosn	1500	1470	1470	1490
Mitsui Trust	840	819	835	824
Murata Mfg	4510	4400	4470	4400
NEC	1600	1570	1580	1570
Nikon	1830	1820	1830	1810
Nikko Sec	720	706	708	707
Nintendo	9040	8910	8930	8840
Nipp Express	945	935	941	938
Nippon Oil	622	612	615	615
Nippon Steel	352	345	350	349
Nissan Motor	748	738	746	738
NKK	252	247	250	252
Nomura Sec	1470	1430	1470	1410
NTT	1040b	1010b	1030b	1050b
NTT Data	4180b	4080b	4080b	4190b
Oji Paper	701	684	693	695
Osaka Gas	310	307	309	309
Ricoh	1480	1460	1470	1460
Rohm	11000	11000	11000	10900
Sakura Bk	726	708	722	705
Sankyo	3760	3710	3710	3690
Sanwa Bank	1470	1440	1450	1460
Sanyo Elec	504	499	499	499
Secom	8260	8070	8200	8060
Seibu Rwy	6300	6200	6290	6200
Sekisui Chem	1220	1190	1200	1220
Sekisui House	1230	1220	1220	1230
Seven-Eleven	8750	8680	8690	8790
Sharp	1560	1500	1530	1560
Shikoku El Pwr	2010	1980	2000	2000
Shimizu	715	710	714	710
Shin-etsu Ch	2700	2610	2690	2590
Shiseido	1720	1690	1710	1690
Shizuoka Bk	1170	1160	1170	1160
Softbank	7960	7820	7820	7980
Sony	9720	9650	9700	9680
Sumitomo	1030	1010	1010	1020
Sumitomo Bk	1640	1620	1630	1620
Sumit Chem	494	487	493	490
Sumitomo Elec	1860	1830	1840	1850
Sumit Metal	317	312	317	311
Sumit Trust	1080	1040	1070	1090
Taisho Pharm	3060	3000	3020	3050
Takeda Chem	3000	2980	3000	2990
TDK	8590	8520	8570	8630
Tohoku El Pwr	2070	2040	2070	2050
Tokai Bank	975	966	971	966
Tokio Marine	1440	1400	1420	1420
Tokyo El Pwr	2300	2280	2290	2290
Tokyo Electron	5020	4850	5000	4900
Tokyo Gas	319	314	315	315
Tokyu Corp.	708	700	706	705
Tonen	1430	1400	1410	1410
Toppan Print	1640	1630	1640	1640
Toray Ind	802	791	798	800
Toshiba	716	709	710	713
Tostem	3100	3030	3080	3020
Toyo Trust	825	807	824	831
Toyota Motor	3620	3470	3590	3420
Yamanouchi	2880	2820	2860	2820

a: x 100; b: x 1,000

Toronto — TSE Industrials: 6484.54 Previous: 6421.51

	High	Low	Close	Prev.
Abitibi Price	25.20	24.90	24.90	25.05
Alberta Energy	34¾	34.35	34.35	34.45
Alcan Alum	50.10	49.85	49.90	50
Anderson Expl	19¼	19	19.05	19.20
Bk Montreal	55.20	54¼	54.85	54.10
Bk Nova Scotia	58.85	57.45	58.65	57.55
Barrick Gold	34.35	34	34.30	33.85
BCE	38.40	38.05	38.20	38
BC Telecomm	31.35	31.10	31.30	31.05
Biochem Pharm	32.20	32.20	32.20	31¾
Bombardier B	28.80	28	28.70	27.90
Brascan A	35¾	35.40	35.60	35½
Cameco	52.40	51¼	52.20	51.10
CIBC	34.90	34	34.70	33¾
Cdn Natl Rail	57.40	57.30	57.40	57½
Cdn Nat Res	37.85	37½	37.45	37.70
Cdn Occid Pet	32.70	31½	32.40	31½
Cdn Pacific	37½	36¾	37.40	36.80
Cominco	40.05	40	40	40.05
Dofasco	26.95	26.40	26.80	26¼
Domtar	11.30	11.10	11.20	11.20
Donohue A	30¼	30	30¼	30.10
Du Pont Cda A	35½	35.35	35.40	35¼
Edper Group	24	23.80	24	24
EuroNev Mng	40.20	40.05	40.10	40¼
Fairfax Finl	345	340	345	337
Falconbridge	32	31½	31.95	31¾
Fletcher Chall A	24	23.80	23.80	24.15
Franco Nevada	70.45	69.80	70.45	70¼
Gulf Cda Res	13.10	12¾	13	12.60
Imperial Oil	67.10	65.80	67.10	65.90
Inco	46.90	46.60	46.80	46.55
IPL Energy	43.60	43	43.40	43½
Laidlaw B	19.10	18.90	19.10	18.95
Loewen Group	43.40	43	43.40	42.85
Macmill Bldl	20.90	20.70	20.80	20.95
Magna Intl A	77¼	75½	76.45	75¼
Methanex	12¼	12.15	12.20	12.10
Moore	30.90	30.35	30.85	30½
Newbridge Net	55.70	54.30	54.60	55.45
Noranda Inc	33	32.55	32.95	32.55
Norcen Energy	35	34	35	33¼
Nthern Telecom	119.35	118¼	118¾	119.20
Nova	11.70	11.60	11.65	11.65
Onex	26.85	26	26.85	26.10
Pancdn Petlm	30½	30.30	30½	30¼
Petro Cda	25.30	24.80	24.80	25.10
Placer Dome	25.35	25.10	25.20	25.15
Poco Petlm	15.35	15.05	15¼	15.20
Potash Sask	116½	115	116½	115¼
Renaissance	44½	43¼	44.05	44.30
Rio Algom	37½	37.10	37.30	37½
Rogers Cantel B	24¼	23⅞	24.10	24
Seagram Co	56.45	55.55	56.20	55.20
Shell Cda A	59.70	59	59½	59
Stone Consold	25.20	25	25.05	24.95
Suncor	35½	35.30	35.45	35.30
Talisman Eny	47	46.70	46.95	46.80
Teck B	32½	31.20	32.35	31.90
Teleglobe	43.90	43.60	43.65	43.85
Telus	24.70	24.20	24.65	24.20
Thomson	30¼	29.90	30	30.10
TorDom Bank	43.10	41.90	42.85	41.90
Transalta	16.55	16.40	16.45	16.40
TransCda Pipe	27⅝	26¾	27.70	27
Trimark Finl	55¼	54	55.10	54¼
Trizec Hahn	30	29.60	29.95	29½
TVX Gold	8.65	8.45	8.60	8½
Westcoast Eny	25.10	24.70	25.10	24.70
Weston	78¾	77.90	78¾	77.90

The Trib Index

Prices as of 3:00 P.M. New York time.

Jan. 1, 1992 = 100.	Level	Change	% change	year to date % change
World Index	167.79	+0.62	+0.37	+12.51
Regional Indexes				
Asia/Pacific	124.99	+1.15	+0.93	+1.26
Europe	176.86	+0.62	+0.35	+9.71
N. America	193.72	+0.23	+0.12	+19.65
S. America	153.08	+0.18	+0.12	+33.76
Industrial Indexes				
Capital goods	204.73	-0.19	-0.09	+19.78
Consumer goods	189.22	+0.08	+0.04	+17.21
Energy	197.01	+0.38	+0.19	+15.41
Finance	125.56	+1.41	+1.14	+7.81
Miscellaneous	171.24	+0.70	+0.41	+5.85
Raw Materials	187.01	+1.39	+0.75	+6.63
Service	158.84	+0.14	+0.09	+14.21
Utilities	144.41	+1.85	+1.30	+0.66

The International Herald Tribune World Stock Index © tracks the U.S. dollar values of 280 internationally investable stocks from 25 countries. For more information, a free booklet is available by writing to The Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France. Compiled by Bloomberg News.

Vienna — ATX index: 1309.12 Previous: 1298.70

	High	Low	Close	Prev.
Boehler-Uddeh	911.55	890.10	902	896
Creditanst Pfd	511.50	505.80	506.90	508.85
EA-Generali	3070	3015	3055	3050
EVN	1699	1660	1692	1661.50
Flughafen Wien	528	510	516	507.70
OMV	1595.60	1546	1590	1560.20
Oest Elektriz	865	860	865	862
VA Stahl	565	552	560	552.65
VA Tech	2244.20	2100	2191.10	2109.95
Wienerberg Bau	2501	2430	2495	2475

Wellington — NZSE-40 index: 2311.05 Previous: 2302.69

	High	Low	Close	Prev.
Air N Zeald B	4.32	4.31	4.32	4.31
Brierly Invt	1.35	1.34	1.35	1.34
Carter Holt ord	3.29	3.28	3.28	3.27
Fletch Ch Bldg	3.97	3.92	3.96	3.91
Fletch Ch Eny	4.50	4.46	4.47	4.50
Fletch Ch Forst	1.92	1.89	1.90	1.92
Fletch Ch Paper	3.20	3.17	3.18	3.18
Lion Nathan	3.66	3.63	3.65	3.64
Telecom NZ	6.92	6.88	6.90	6.84
Wilson Horton	11.65	11.60	11.65	11.60

Zurich — SPI index: 3284.68 Previous: 3272.85

	High	Low	Close	Prev.
ABB B	2024	2002	2021	2010
Adecco B	537	530	533	526
Alusuisse R	1367	1341	1357	1334
Ares-Serono B	1970	1950	1965	1958
Alei R	875	860	875	850
Baer Hdg B	1980	1970	1978	1970
Baloise Hdg R	3300	3260	3280	3270
BK Vision	1060	1050	1060	1050
Ciba Spec Chem	153.25	146.50	151.75	143
Clariant R	915	897	897	885
Crd Suisse Gp R	188.75	183.25	187	183
Elektrowatt B	540	538	540	540
Ems-Chemie	6500	6450	6490	6400
ESEC Hdg	4600	4475	4500	4500
Holderbank B	1235	1214	1235	1213
Liechtenst LB B	492	485	485	490
Nestlé R	1820	1787	1797	1798
Novartis R	2032	1995	2000	2008
Oerlikn Buehr R	165	155	156	163.50
Pargesa Hld B	1815	1800	1805	1815
PharmVisn B	843	834	836	832
Richemont A	1970	1950	1950	1970
Pirelli PC	241	238	238	237
Roche Hdg PC	13745	13000	13005	13190
SBC R	355	349.50	351.50	354
Schindler PC	1840	1800	1840	1820
SGS B	3235	3155	3155	3170
SMH B	863	850	863	851
Sulzer R	1199	1162	1190	1139
Swiss Reins R	2000	1967	1983	1952
Swissair R	1497	1465	1479	1480
UBS B	1555	1527	1547	1528
Winterthur R	1174	1157	1172	1156
Zurich Assur R	510	504	507	504

ASIA/PACIFIC

Daimler Encounters Obstacles in China

Joint Venture Stalls Over Cost Overruns

Bloomberg News

BEIJING — The future of Daimler-Benz AG's $1 billion joint-venture auto plant in China was in doubt Monday after one of its two Chinese partners said the venture faced "very complicated" obstacles.

Two years after the German company beat out American rivals Ford Motor Co. and Chrysler Corp. to lead the project, negotiations have stalled over cost overruns linked to the removal of a duty waiver on imports of capital equipment last year.

"It's very hard to say whether we will be able to form a joint venture or not," said Qin Quanquan, deputy general manager of Hainan Auto Works, a partner in the venture. "It's not looking very optimistic."

According to the plan agreed in 1995, Daimler-Benz's auto unit, Mercedes Benz AG, was to make the minivans in a joint venture with Nanfang South China Motor Corp.

Nanfang, a joint venture of Hainan Auto Works and Guangdong Three-Star Auto Co., was to hold 55 percent of the venture and Mercedes 45 percent. Kurt Lauk, a Daimler board member who runs Mercedes' truck division, said Daimler remained "confident" of reaching an agreement, adding that the minivan was "a class of vehicle which is sorely needed in China."

"When you talk about China, the first thing you need is patience," Mr. Lauk said in Stuttgart, Germany. "We continue to be interested and are optimistic we will eventually reach an agreement."

Bickering between the Chinese partners has also cast doubts on the venture's prospects.

According to the plan, the venture was to produce 60,000 V-class minivans in Guangdong Province and 100,000 engines a year on Hainan Island. Production was scheduled to begin in 2000.

Now, both plants want to produce the minivans, a move Mercedes is resisting to try to maximize production efficiency, reports on Monday quoted Jurgen Hubbert, a Daimler-Benz board member, as saying.

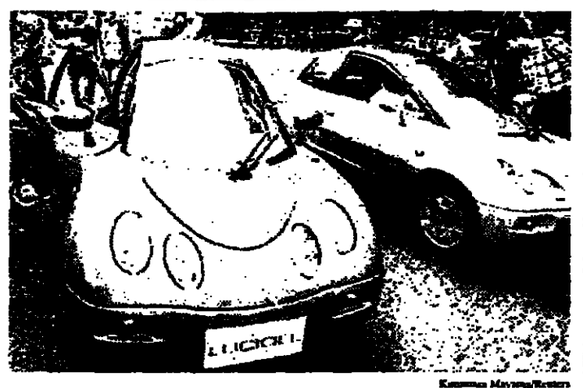
Mr. Hubbert said Daimler-Benz wanted to stay in the China project "but not for any price."

Karin Malmstrom, a spokeswoman for Mercedes-Benz China Ltd., said the company was confident the project would move forward.

Daimler-Benz is trying to adjust the finances of the venture, particularly in light of the extra import taxes that will be levied.

"Mercedes and the Chinese partners are working to find solutions to these problems so that the project can be economically viable," Mrs. Malmstrom said.

Last year, the government removed a tax waiver on imported equipment for joint ventures, potentially increasing their cost by more than a quarter, according to some estimates. Mercedes officials met with their Chinese counterparts last week in Zhanjiang.



Kazuhiro Nogi/Reuters

NEW UNDER THE SUN — The electric-powered Luciole, built by Japan's National Institute for Environmental Studies, being showcased along with other manufacturers' low-pollution models of today and tomorrow. Among other exhibitors at the Tokyo show were Honda, Mazda and Nissan.

BHP Drops On Word of Tough '97

Compiled by Our Staff From Dispatches

MELBOURNE — Broken Hill Pty. warned Monday that full-year earnings would be flat and that it was not expecting profit to pick up until late in 1998.

The resource company's shares dropped on the announcement, closing 40 cents lower at 18.92 Australian dollars ($14.51).

John Prescott, BHP's managing director, said the restructuring of its steel and copper businesses, exploration expenditures and the loss of production from its Griffin oil operations would hit the company's earnings.

"The fourth quarter is likely to have an outcome that seems to be below what some people assume it will be," Mr. Prescott said, referring to the last quarter of BHP's year that will end Saturday. He said there would be "a number of abnormal adjustments" in its results that would be detailed when BHP disclosed its full-year earnings June 28.

Mr. Prescott would not give details of special items, although he did say the company would attempt to report any expected one-time charges now and would not spread them over the next year.

An analyst at Macquarie Equities, Greg Yeatman, reacted by revising his BHP profit forecast downward to about 1.37 billion dollars from 1.41 billion dollars.

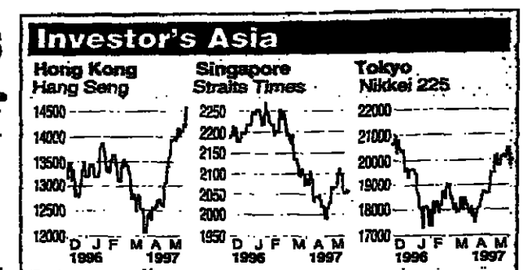
Damien Hackett, a resources analyst at First Pacific Stockbrokers, said, "Our number is 1.45 billion, and that's as good as it's going to get."

Mr. Prescott said that by May 1998, BHP planned to commission new projects with a capital value of 3.1 billion dollars. Other new contributions valued at 2.3 billion dollars are earmarked for the next year.

But there is little to help the bottom line in the short term.

"Other things are too small to have a big impact this year," he said. "That's why we see this flat situation extending into next year." As for profit from new projects, he said, "You are not going to see it in early '98." *(Bloomberg, Reuters)*

Investor's Asia



Exchange	Index	Monday Close	Prev. Close	% Change
Hong Kong	Hang Seng	14,574.64	14,331.68	+1.70
Singapore	Straits Times	2,058.32	2,055.36	+0.05
Sydney	All Ordinaries	2,584.90	2,563.60	+0.83
Tokyo	Nikkei 225	20,043.50	20,009.00	+0.17
Kuala Lumpur	Composite	1,081.19	1,078.20	+0.28
Bangkok	SET	568.36	581.13	-2.20
Seoul	Composite Index	718.89	730.53	-1.58
Taipei	Stock Market Index	8,194.66	8,144.38	+0.62
Manila	PSE	Closed	2,598.20	-
Jakarta	Composite Index	663.20	658.52	+0.71
Wellington	NZSE-40	2,311.05	2,303.69	+0.32
Bombay	Sensitive Index	3,781.65	3,706.37	-0.13

Source: Telekurs International Herald Tribune

Very briefly:

• **Australia's** anti-monopoly watchdog began an investigation and the government urged consumers to shop around after major banks failed to fully pass on an interest-rate cut. The treasurer, Peter Costello, said in Parliament that consumers should place pressure on banks to pass along the half-percentage-point interest-rate cut announced Friday by taking their business to institutions that offer better deals.

• **Chinese** stock indexes fell in reaction to continued rumors about crackdown measures, this time predicting that 23 brokerages would be punished for irregularities, brokers said. The Shanghai B index eased 0.249 point, or 0.3 percent, to 82.138 points, while the Shenzhen B index plummeted 6.85 points, or 4.47 percent, to 146.34.

• **Thailand's** central bank has scaled back its 1997 growth projection for the country's economy to 5.9 percent, compared with 7.1 percent projected at the start of the year and the 6.4 percent expansion registered last year.

• **Japan's** Finance Ministry sought to defend itself against criticism for failing to uncover dubious loans made to racketeers by **Dai-Ichi Kangyo Bank**, saying it was impossible for it to unearth what a bank chose to hide.

• **Vietnam** said inaccurate and dishonest reporting by managers at Nam Dinh Textiles Co. had led to $17 million in losses between 1992 and 1995 for the state.

• **Legend Group** led personal-computer sales in China in the first quarter, the industry researcher International Data Corp. reported. Legend's shipments took an 8.2 percent share of the market; Hewlett-Packard Co. moved into second place with a 7.1 percent share. *Reuters, Bloomberg*

Shanghai Pursues Shake-Out of State Sector

Compiled by Our Staff From Dispatches

SHANGHAI — Shanghai will lose 250,000 jobs annually as it deepens the reform of its state-owned enterprises and allows 50 more companies to go bankrupt, officials said Monday.

"We will expand our pilot re-employment service centers this year to cover five more industries and 250,000 workers," Ye Mingzhong, deputy director of the Shanghai Labor Bureau, said.

Mr. Ye said new service centers would be set up for light industry and for the chemical, building-materials, machinery and electronics and metallurgy industries.

There are now two centers providing retraining and helping laid-off workers in the textile and instrument manufacturing industries to find jobs.

The deputy director of the Shanghai Municipal Economic Commission, Xu Jianguo, said separately that the municipal government expected 50 bankruptcies among state-owned enterprises.

State businesses in China reported a record $8.3 billion in losses last year as they struggled to compete in the country's increasingly open economy against private businesses, according to the State Statistics Bureau.

Mr. Xu said 50,000 workers were expected to lose their jobs because of bankruptcies this year, compared with the 30,000 laid off by 58 Shanghai state-owned enterprises that were allowed to go bankrupt between 1994 and the end of last year.

He said 25 percent of Shanghai's 1,500 wholly state-owned enterprises lost money last year. He did not give figures for their losses.

"We expect in the next few years there will be more bankruptcies than normal because we are resolving a problem accumulated over the past 40 years," he said.

The government will speed up the process of bankruptcy, Mr. Xu said. The principle, however, is to encourage more mergers and acquisitions and fewer bankruptcies, he said.

The reform of state-owned enterprises in Shanghai, which has also brought about some 800 mergers and acquisitions, has cost 2.6 billion yuan ($313 million) in bad debts written off by the central bank and commercial banks.

The state-owned sector, employing as much as 70 percent of Shanghai's labor force of more than 5 million, was responsible for 30 percent of the workers laid off last year. According to Mr. Ye, about 150,000 workers are still out of work, an unemployment rate of 2.8 percent. *(AFP, Bloomberg)*

Beijing Bidding Record

Bloomberg News

HONG KONG — Beijing Enterprises Holdings Ltd. drew bids for 1,250 times the 15 million shares it offered in Hong Kong, according to a source, making it the most popular share sale in the territory's history. Investors are betting that political connections will drive the profit growth of mainland-backed companies, analysts said.

EUROPE

Moscow Seeks to Make Gazprom More Open

Compiled by Our Staff From Dispatches

MOSCOW — RAO Gazprom will sign an agreement with the Russian government next month to clarify management control of the world's biggest gas producer, a spokesman said Monday.

Gazprom's chairman, Rem Vyakhirev, manages a government-owned 35 percent stake in Gazprom under a 1993 agreement that effectively ensured management control of the company.

Analysts said the new agreement would increase shareholder value and expand openness at the company by requiring managers to report to the government on the company's finances four times a year and conduct an annual audit.

The agreement also would link Mr. Vyakhirev's salary to the amount of dividends Gazprom pays the government, a Gazprom representative said.

"Big dividends divert money from necessary capital investments, but insofar as Gazprom has good access to the financial markets, it's a positive step as it establishes collective characteristics for judging the performance of management," said Yuri Batayev, a Russian gas analyst at Renaissance Capital in Moscow. "The new accord will be better that the old one, because it will be known what is going on with the company."

The Gazprom spokesman said the agreement would probably be signed in June.

On May 12, the first deputy prime minister, Boris Nemtsov, said Gazprom had paid the government only 20 billion rubles ($3.5 million) in dividends in the past two years. In May, President Boris Yeltsin signed a decree forming a 10-person commission to supervise the government's shares in Gazprom under the leadership of Mr. Nemtsov.

That commission will decide how to vote the government's shares, a decision that previously was Mr. Vyakhirev's.

The Interfax news agency reported that the new accord would also require Gazprom to guarantee equal access to its pipelines for all gas producers.

Separately, Gazprom said it had hired the Dutch bank ABN-AMRO and Goldman, Sachs & Co. of the United States to arrange a $2 billion to $3 billion financing program. The banks said they expected to issue a Eurobond with a minimum value of $1 billion plus $500 million to $1 billion of convertible bonds for Gazprom within six months. *(Bloomberg, Reuters)*

Russia's Norilsk Posts Huge Loss

Compiled by Our Staff From Dispatches

MOSCOW — RAO Norilsk Nickel, the world's second-largest nickel producer, said Monday it was considering taking drastic steps to avert bankruptcy after posting a loss of 3.293 trillion rubles ($571.8 million) for last year.

Norilsk also said it might have to delay an issue of American depositary receipts planned for late June because of the poor results.

But executives and analysts said the loss did not mean the mining company had no cash to finance output. One analyst said the company might even understating its results to attract government attention to its burden of social costs.

It said the high costs of mining above the Arctic Circle, a heavy tax burden and the costs of supporting its work force by providing such services as schools and roads had contributed to the loss. The company said the loss pointed to possible bankruptcy and the "impossibility" of increasing its solvency in the next half-year "without introducing the most severe measures." *(Bloomberg, Reuters)*

Waigel Vows to Uphold Tax Cuts

He Says Measures Must Proceed Despite Budget Problems

Compiled by Our Staff From Dispatches

TRAVEMUENDE, Germany — Finance Minister Theo Waigel said Monday he would proceed with plans to reduce taxes even though gaps in Germany's budget had cast doubt on whether it could meet the standards for European monetary union.

"It would be wrong to delay tax reform now," Mr. Waigel said. "Exactly the opposite is necessary. We must change the tax structure so that in the future the state has a secure income basis."

Mr. Waigel made his remarks to a group of tax consultants two weeks after a government commission said Germany could expect its tax revenue to fall by 18 billion Deutsche marks ($10.63 billion) in 1997.

That would put Germany's bid to join Europe's single currency in 1999 in doubt, as the nation's deficit might then exceed the limit of 3 percent of gross domestic product set out in the Maastricht treaty.

Mr. Waigel proposed lowering corporate and personal income taxes in two steps, starting in 1998. Under that plan, personal income-tax rates would be reduced by as much as 14 percentage points and corporate taxes by 12 percentage points to try to spur growth and create jobs.

To finance the cuts, Mr. Waigel hopes to broaden the tax base as well as eliminate loopholes in the system.

The opposition Social Democratic Party opposes the plan, saying it is unjust and creates "presents for the rich."

Talks between Mr. Waigel's ministry and the Social Democrats to find a compromise on the tax issue broke down in April, with each side accusing the other of blocking progress.

Mr. Waigel also said he would not bow to pressure from the Free Democratic Party, the junior partner in the governing coalition, by ruling out tax increases to finance the 1998 federal budget.

"A finance minister who says at this point there will be no tax hikes would be irresponsible," Mr. Waigel said in an interview with the magazine Der Spiegel.

The Social Democrats' leader, Oskar Lafontaine, said Monday that "if a harmonization of tax systems does not take place, then European economic and monetary union will be based on weak foundations."

Mr. Lafontaine said it was unacceptable for EU countries to compete with one another for jobs and investment by cutting taxes and social contributions for employers and leaving it to workers to absorb the cost. *(Bloomberg, AFX, Reuters)*

■ Gold Revaluation Is Likely

Bundesbank President Hans Tietmeyer said revaluing Germany's gold reserves was an "appropriate move," Bloomberg News reported from Heidelberg, Germany. But Mr. Tietmeyer did not address the question of when might be the best time to take that step.

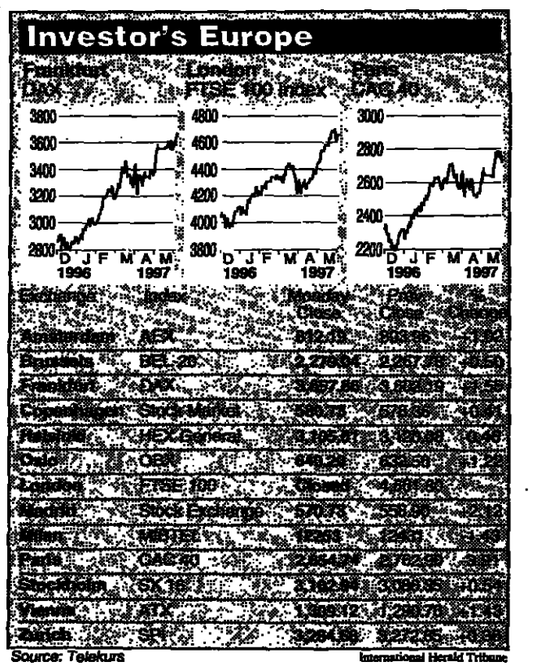
"I think in general it's appropriate to do that when we are moving into the currency union, because most of the other countries have their gold valued closer to the market value," Mr. Tietmeyer said.

Mr. Waigel said on May 15 that Germany was ready to do whatever it took, including revaluing gold reserves, to ensure that Germany met the European Union's single-currency requirements.

Mr. Tietmeyer, asked in an interview after a speech Sunday whether there was a danger that revaluing the gold reserves could be seen as "creative accounting," conceded that the move could be subject to "misinterpretation."

"It is very important how it is done, when it is done and to what extent it is done," he said. He said the Bundesbank's policy-making council would discuss the issue.

Investor's Europe



Source: Telekurs International Herald Tribune

Very briefly:

• **Baker Hughes Inc.** agreed to buy the environmental-technologies unit of **Deutz AG**, the German industrial-plant manufacturer. The price was not disclosed.

• **Bayer AG** will cut its payroll by 1 billion Deutsche marks ($591 million) a year until 2000 by reducing its work force in Germany by 1,000 people annually.

• **Mannesmann AG's** first-quarter sales rose 14 percent from a year earlier, to 8.1 billion DM, bolstered by results at its telecommunications unit, where sales rose 69 percent, to 1.4 billion DM.

• **Daimler-Benz AG** completed the merger of its automaking unit, **Mercedes-Benz AG**, into the parent company; Daimler's chief executive, Juergen Schrempp, announced in January the decision to do away with a separate management board for Mercedes.

• **Austria's** revenue from tourism fell 1.5 percent, to 91.3 billion schillings ($7.66 billion), in the six months that ended April 30.

• **France's** consumer prices were unchanged in April compared with March but were up 0.9 percent from April 1996.

• **Finland's** Milk and Health Association said it had broken a 23-year tradition by choosing a boy instead of a girl for its annual advertising campaign. *Bloomberg, Reuters, AFP, AP*

Czech Bank Intervenes to Help Koruna

Reuters

PRAGUE — The Czech National Bank intervened Monday to support the koruna, which slipped after the release of data showing a wider than expected trade deficit for April.

Official preliminary data released by the Czech Statistical Bureau showed an April shortfall of 15.34 billion koruny ($500 million), up from a revised 13.08 billion koruny in March.

The central bank has been battling speculators since last week, when a wave of short-selling pushed the currency to record lows on fears that the nation's growing current-account deficit would inhibit growth.

Traders said the bank began buying koruny when the currency slipped to 3.2 percent beneath the midpoint of its trading range, which is pegged to a basket of rates based on the dollar and the Deutsche mark.

The government last week announced a package of measures to boost growth, reform the capital markets and generally restore faith in the country's commitment to radical economic reform.

FUTURES

May 26, 1997

	High	Low	Latest	Chge	Opint
10-YEAR FRENCH GOV. BONDS (MATIF)					
FF500,000 - pts of 100 pct					
Jun 97	128.58	128.22	128.30	— 0.54	n.a.
Sep 97	124.96	124.74	124.78	— 0.49	n.a.
Dec 97	94.18	94.18	94.23	— 0.48	n.a.
Est. volume: 152,257. Open Int.: 173,724 - 28.					
3-MONTH PIBOR (MATIF)					
FF5 million - pts of 100 pct					
Jun 97	96.31	96.18	96.21	— 0.26	56,019
Sep 97	96.38	96.24	96.25	— 0.22	n.a.
Dec 97	96.39	96.24	96.25	— 0.18	n.a.
Mar 98	96.31	96.19	96.20	— 0.12	n.a.
Jun 98	96.20	96.12	96.14	— 0.08	24,928
Sep 98	96.04	95.95	96.00	— 0.05	22,159
Est. volume: 149,323 . Open Int.: n.a.					
CAC 40 (MATIF)					
FF5 million - pts of 100 pct					
May 97	2696.0	2647.0	2656.0	— 78.00	23,438
Jun 97	2670.0	2625.0	2631.5	— 77.50	29,934
Jul 97	2647.0	2629.0	2630.0	— 78.00	1,163
Sep 97	2679.5	2642.0	2646.0	— 77.00	11,991
Est. volume: 36,209. Open Int.: 76,456 up 711					

The London Metals Market, the London International Financial Futures Exchange and the International Petroleum Exchange were closed Monday.

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CAR: *Potential Buyers Are Cool to Indonesia's 'National' Auto*

Continued from Page 17

quest for such a panel, but it has said that it will strongly contest the case.

If Indonesia loses, it would have to end the offending program and compensate the complaining states or risk sanctions against its exports to their markets.

Tunky Ariwibowo, the Indonesian minister of industry and trade, said the trade organization's rules allowed developing countries to give temporary protection to infant industries and that Indonesia had until 2000 to adjust its trade, industrial and economic policies, including its car policy.

But The Jakarta Post said in a recent editorial that the national car project was "seemingly guided more by nationalistic sentiment and politics than by industrial logic."

Referring to the $690 million loan that three Indonesian state banks and 10 major private banks are preparing to provide to Timor Putra, the newspaper said that "given the power of the government, and in view of the 'national' label put on the Timor car program, those banks will have no other choice but to give the required loans, at the great risk of suffering bad credit."

Despite the tax breaks that allow Timor Putra to sell sedans at roughly half the price of comparable cars in Indonesia, its vehicles are not selling well.

Soemitro Soerachmat, president of PT Timor Distributor Nasional, the distribution arm of Timor Putra, said the company had imported 22,000 cars since October but only sold about 14,000 — or 2,000 a month, far below its initial target of 4,000 a month.

Analysts said sales had fallen short because of public concerns about the viability of the project and the quality of the Timor car, its after-sales service and its resale value.

"Its a very unpopular car, politically as well as commercially," an Indonesian business executive said. "It is seen as the product of vested interests."

Handlowy Share Bids Open

Bloomberg News

WARSAW — The government opened its biggest initial public offering to date Monday, a 45 percent stake in Poland's largest bank, Bank Handlowy SA.

Small investors and institutions began bidding for the bank's shares in a government-set price range of between 28 zloty ($8.78) and 35 zloty each. Analysts said the range had been set low to attract individual investors. The bank is capitalized at about $1 billion.

Small investors who bid for Bank Handlowy shares will receive a 5 percent discount through June 6, and afterward a 3 percent discount, on the actual price of the shares, which the government plans to set June 16 after the bids are in.

The government also intends to sell some Bank Handlowy shares to outside companies, mainly foreign banks, through direct sales.

Herald Tribune INTERNATIONAL
SPORTS

WORLD ROUNDUP

Cipollini 1st Again

CYCLING Mario Cipollini of the Saeco team equaled his personal record of four stage victories in a Giro d'Italia when he narrowly won the 195-kilometer 10th stage into Taranto on Monday. Cipollini, who won four stages in the 1992 Giro, outsprinted fellow Italians Endrio Leoni and Fabio Baldato.

Pavel Tonkov, the overall leader, and all his closest rivals finished in the main pack. *(Reuters)*

Palace Joins Elite

SOCCER A superb goal in the last minute by David Hopkin on Monday gave Crystal Palace a 1-0 victory over Sheffield United in the English first-division playoff at Wembley. The victory gave Palace a place in the Premier League.

The match was deadlocked at 0-0 in the 90th minute when Hopkin picked up a clearance from a corner and curled a shot into the top corner of the United goal from outside the penalty area.

Last season, Palace lost the playoff 2-1 when Leicester scored in the last minute of extra time. *(AP, Reuters)*

• Staff at Munich's Olympic stadium were working Monday to restore the pitch for Wednesday's European Cup final after celebrating Bayern Munich fans carried off the turf. The fans ripped up the field after Bayern won the German title on the ground Saturday. *(Reuters)*

AP

Dane Whitehouse, left, of Sheffield United jumping Monday with Nigel Spackman of Palace.

Canadiens Hire Coach

ICE HOCKEY The Montreal Canadiens hired Alain Vigneault as coach Monday. Vigneault, 36, is a successful juniors coach and former Ottawa Senators assistant. He played parts of two seasons as a defenseman for the St. Louis Blues in the early 1980s. *(AP)*

Greens Against Games

OLYMPICS European Green party activists Monday launched a campaign opposed to all bids for the 2004 Olympics.

"European Greens are taking common action to show the environmental, social and fiscal cost that comes with hosting the Olympic Games in one or the other capital," the Greens said in a statement issued in Athens, one of three European cities bidding for the Summer Olympics. *(AP)*

Sprint Stars Chase Gold And Sell Their Sport

By Jere Longman
New York Times Service

EUGENE, Oregon — Having won a routine 200-meter victory Sunday at the Prefontaine Classic in 20.17 seconds, Michael Johnson could focus on something entirely different, not to mention spectacularly lucrative.

Next Sunday in Toronto, he will race Donovan Bailey of Canada over 150 meters for the right to be called the world's fastest man. While the title is unofficial, the $2 million purse is not.

Bailey set a world record of 9.84 seconds at 100 meters at the Atlanta Olympics, while Johnson shattered the 200-meter record in 19.32 seconds. The label of world's fastest man generally has gone to the world record holder or Olympic champion at 100 meters, but, in this case, Johnson's time at 200 meters was faster than a doubling of Bailey's 100-meter time.

This is a false comparison, because it factors in two starts for Bailey. But intrigued reporters began clamoring for a match race and a Canadian promoter took the bait.

Each man will receive a $500,000 appearance fee, with the winner getting an additional $1 million for less than 15 seconds of work. The distance is rarely run and carries no official world record, but it rarely pays this well, either.

There could not be a better time to spark new interest in a moribund sport. And, with a four-event undercard, a Blues Brothers concert and a two-and-one-half-hour time schedule, it will provide a crisp alternative to the average track meet, which can be as interminable as a political convention.

"*Track is not catering to the fans,*" Johnson said. "We're being hardheaded, sticking to tradition. If you keep doing that, the only ones in the stadium will be the officials and the athletes."

Conventional wisdom has Johnson winning the 150-meter showdown, half of which will be run on a curve and half on a straightaway. He is more familiar with the distance, is a superior curve runner and, with the outside lane, he will have less of a curve to run. Johnson also tends to be in better shape than Bailey early in the season.

Already, he has reeled off 400 meters in 43.75 seconds and 200 in 20.05 seconds. The unofficial best at 150 meters was 14.93 seconds, run in 1993 by John Regis of Britain as part of a 200-meter race.

"I don't think anybody in the world can beat me at this distance," Johnson said.

Bailey, who ran a 9.99 100 meters last week, has his own advantages: a home crowd, faster pure speed, a patented late-race charge and, from the inside, the ability to see Johnson the entire race. At the Olympics last summer, he said: "I can run down any man."

"Yeah, it's 50 meters farther than I usually go, but my entire career is involved in not setting any limits," he said.

Ato Boldon of Trinidad, the Olympic bronze medalist at 100 and 200 meters, said: "It's going to have to be a big success to surpass everything else that's going on in the sport. Attendance, ratings. If it doesn't do well in the ratings, I don't think we'll see this anymore."

Jack Naegelen/Reuters

Venus Williams serving Monday to Naoko Sawamatsu in the French Open.

On a Strange Surface, Venus Looks Like Star

But Sampras Looks Like a Winner

By Ian Thomsen
International Herald Tribune

PARIS — Pete Sampras began the French Open looking like someone who might achieve the career Grand Slam by the end of next week. The same could not be said of his 16-year-old compatriot Venus Williams. It might never be said of her. Yet she might become the bigger star.

Between them they represented two edges of American success. Sampras, the world No. 1 for the last four years, won his opening round match Monday

FRENCH OPEN TENNIS

by completely dominating his French opponent. He was as ruthless as he could be after suffering a strain of his left thigh just last week. Williams, by comparison, was entertaining.

For long periods of her meandering three-set victory, more than a few heads in the cozy, medium-sized crowd would stop following the ball back and forth, their eyes fixed on her. Then she would make mistakes, like somebody trying to drive a car across a foreign city without a map. This was her first attempt at a Grand Slam tournament. With each unpredictable stroke her match grew more enthralling. It was in doubt to the last point, and by then everyone could relate to her, they could appreciate the difficulties of her game and what she was trying to accomplish — even though she looked, moved and sounded unlike any other contending tennis player in recent memory.

Williams is a statuesque 5 feet 11 inches (1.80 meters), African-American. Hundreds of white beads dance in her braided hair with each step — you could hear them rustling when she ran nearby. When she jumped high at the net it was like watching one of the great NBA centers blocking a shot.

The only thing somebody named Venus had in common with somebody else named Pete was their mutual, almost nationalistic discomfort on the dusty red clay that the French insist upon sweeping onto the courts at Roland Garros.

"I like the red clay, it's nice, you can *sliiiide*. I usually don't ever *sliiiide* that much into the ball," Williams said afterwards as a 16-year-old would.

Over the years Sampras, 25, has tried every strategy he could imagine to win in Paris, and now he is at the peak age, which is to say that his chances might start diminishing soon. This year, in the absence of a dominating favorite, might be the best opportunity he'll ever have.

"This is the only tournament that I haven't won, so I'll do whatever I can over the years and this year to win here," Sampras said after his 6-3, 7-5, 6-1 victory over Fabrice Santoro. "It's the only thing left for me to achieve. I've won every other major, been No. 1 for a while, so this is the only thing left."

Santoro, 24, had beaten Sampras in both of their previous meetings on clay. This time, however, Sampras wasn't revealing any weaknesses. The center court crowd was a little disappointed about that. Late in the second set, after Santoro had fended off the first of three break points against him, his people went silent quickly. When their hero Henri Leconte used to be in these positions they would never shut up. But this time the courts were fast to the American's liking — conditions that the defending champion, Yevgeni Kafelnikov, said were made for Sampras — and, more important, Sampras was hitting behind Santoro, controlling him like a knockout boxer who has finally learned how to win on points.

What will be the public reaction if Sampras becomes only the fifth man to win all of the Grand Slam tournaments, and the first since Rod Laver in the 1960s? For Sampras the issue of stardom lost importance long ago. All he wants is to win. For somebody like Williams, there are other, quicker options to fame. She is so charismatic and entertaining that she might not need a record-setting career in order to satisfy America's unique requirements for stardom. And in the open landscape of women's tennis, she might soon have the chance to challenge her skills at the highest level.

Her 6-2, 6-7 (2-7), 7-5 victory over Naoko Sawamatsu of Japan was a credit to them both. After the first set Sawamatsu, who was five inches shorter, might have felt overwhelmed. "Only when I was making the lobs," said Sawamatsu, who tried them twice, predictably without success.

In the third set they broke each other back and forth. Sometimes Sawamatsu was overpowered; other times Williams was inconsistent. The first time Williams served for the match, she double-faulted twice. Other errors seemed to result from her having to bend so far down, like a giant trying to play golf.

There is talk that Williams might become the Tiger Woods of women's tennis. She is still learning to control her body, and hasn't graduated from high school yet. Other players win and hope that fame will come; for her it might be the other way around. One more victory could bring a meeting with No. 3 Monica Seles in the third round. A quantum leap might be launched that day.

Champion Starts With Easy Victory

Compiled by Our Staff From Dispatches

PARIS — Yevgeny Kafelnikov of Russia, the reigning men's singles champion, started his defense at the French Open on Monday with a straight-set victory.

He beat a Czech, Martin Damm, 6-2, 6-4, 6-4, showing little effect of the broken finger he sustained in January.

The first seed to lose was No. 12 Alberto Berasategui, a 1994 finalist. The Spaniard retired in the fifth set with cramps in both legs. He was down two games to one to Andrei Medvedev of Ukraine.

Monica Seles of the United States, the three-time champion, steamrollered Miho Saeki of Japan 6-0, 6-3 in 44 minutes.

Mary Pierce of France, No. 10, needed three sets to beat Tatiana Panova of Russia. The effort didn't please French fans; some booed Pierce as she left the court.

Fifth-seeded Lindsay Davenport of the United States beat Joannette Kruger of South Africa 6-2, 6-3, and an unseeded American, Chanda Rubin, beat Mariana Diaz-Oliva of Argentina 7-6 (7-5), 7-5.

Woosnam Hangs On To Take British PGA

Reuters

WENTWORTH, England — Ian Woosnam of Wales made a faltering start before settling down on the back nine to win the British PGA title Monday by two strokes with a two-under-par final round of 70.

It was Woosnam's second British PGA championship; his first was in 1988. On this same course he also won the World Matchplay title twice, in 1987 and 1990.

"I didn't play my best golf today but I managed to get round," he said. "But the old heart was pumping a bit toward the end."

Ernie Els of South Africa and Nick Faldo of England birdied the final hole for rounds of 70 to create a three-way tie for second with Darren Clarke of Ireland, who had a par on 18 for a 71.

Woosnam, the 1991 U.S. Masters champion, finished with a total of 275, 13 under par.

Colin Montgomerie of Scotland, the European No. 1, vaulted into fifth place with an eight-under-par 64, the best of the week and a day after carding a 76 in the third round.

■ *Frost Sneaks Up on Colonial*

David Frost scored a quiet 67, in relative solitude two groups ahead of the duel between a cultural icon and a Texas everyman, to win the Colonial tournament, The New York Times reported from Fort Worth, Texas.

It was not until Frost's twisting 25-foot birdie putt dropped on No. 17 that anyone suspected that this quiet Dallas resident, by way of South Africa, could win. He finished the tournament at 15 under par, for a total of 265.

Then he sat on a veranda and waited for Tiger Woods and David Ogrin to complete 18 sometimes crafty, often ugly holes. Woods and Ogrin flew greens, stiffed short putts and saved pars with tentative lip-teetering strokes.

For Ogrin, who entered the final round with a one-shot lead and the swagger of being a self-professed "Tiger Killer" by virtue of a victory over Woods last year, the explosion came on the 15th hole. With one foot in a fairway bunker, he left his second shot short of the green. The 15-foot par attempt came up short. He finished 2 over par for the day and tied for second place with Brad Faxon at 267, 13 under par.

"Colonial took a measure of revenge today," said Ogrin, who had an 8-under 62 Saturday.

For Woods, the end was excruciatingly prolonged until what had been a gently playing 17th hole. He had already survived an out-of-the-water double bogey at 9 followed by a bogey at 10.

But Woods had an opportunity to win his third consecutive tournament until he whistled a pitching wedge over the 17th green and tried to recover with a bump-and-run shot that found sand behind the flagstick. He ended the round at 2-over-par 72, for a total 268, tied for third with Paul Goydos.

Woods declined to talk with reporters afterward, saying, "I didn't win."

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Royals Survive Griffey Homer No. 22

The Associated Press

Bob Boone has figured out how to pitch to Ken Griffey Jr.

"The strategy is, throw it over the plate and hide my eyes," the Kansas City manager said Sunday after the Royals overcame a record-tying home run by Griffey to beat the Seattle Mariners, 4-3.

"From now on, I'm going to go into the bathroom while he bats. Tell me what happened."

Griffey hit his 22d homer of the season in the first inning, tying his own

BASEBALL ROUNDUP

major league record for most home runs through May. He has six more games to break the record, set in 1994.

"I just love the game," said Griffey, who also leads the majors with 59 runs batted in. "When you love the game, you just smile and come to the park every day. When you lose, you just smile and come back tomorrow."

The Mariners lost when Chili Davis led off the bottom of the 11th with a homer off Bobby Ayala. Davis had gone hitless in his first four at-bats and stranded three runners.

"It was a nice way to win it after I stunk the whole day," Davis said. "But that's the way this game is."

Tigers 13, Rangers 5 In Detroit, Bobby Higginson hit a grand slam as the Tigers handed Bobby Witt his first loss of the year. Witt (7-1) lasted just 4⅓ innings and gave up six runs on eight hits. Higginson had four hits, and Bob Hamelin homered and tied his career high with three hits for Detroit, which rallied from a 3-0 deficit.

Blue Jays 4, Angels 3 In Toronto, Benito Santiago drew a bases-loaded walk from Rich DeLucia with no outs in the bottom of the 11th inning after the Blue Jays took advantage of a misplayed fly ball to end Anaheim's four-game winning streak. The Angels tied the game at 3-3 with two out in the ninth on reliever Mike Timlin's balk. The Blue Jays' victory was their third this season to come on a bases-loaded walk in their final at-bat.

Brewers 11, White Sox 7 John Jaha hit a two-run homer and Jeff Cirillo had four hits as Milwaukee won in Chicago. Albert Belle extended his hitting streak to 20 games with a three-run homer in the first inning for the White Sox, who made five errors.

Indians 7, Orioles 6 In Cleveland, Eric Davis and Rafael Palmeiro struck out with the bases loaded to end the game as Baltimore's ninth-inning rally fell just short. David Justice homered, hit a run-scoring single and scored three runs as the Indians took a 7-4 lead into the ninth.

Twins 7, Athletics 6 In Minneapolis, Rich Becker's run-scoring single with two outs in the 10th inning gave Minnesota a victory on the night Kirby Puckett's jersey was retired.

In National League Games:

Dodgers 2, Braves 0 Los Angeles showed that Atlanta does not have a monopoly on outstanding pitching as Ismael Valdes and two relievers combined to beat the Braves at Dodger Stadium.

The Braves managed only seven runs in losing two out of three to Los Angeles. Ramon Martinez pitched a three-hitter as Los Angeles beat the Braves 10-3 Saturday night.

Valdes (3-5) allowed three hits in seven innings. Darren Hall and Todd Worrell finished with hitless relief.

Denny Neagle (7-1) was trying to become the fourth pitcher in Braves history to start a season with eight straight victories.

The Dodgers have scored just 22 runs in the 10 games started by Valdes.

"I've been frustrated," Valdes said. "I've been pitching really good and haven't been getting wins for the team."

Cardinals 9, Giants 3 Todd Stottlemyre joined his father as a 100-game winner as St. Louis won in San Francisco.

Stottlemyre (3-3) is 100-91 in 10 seasons with Toronto, Oakland and the Cardinals. Mel Stottlemyre was 164-139 from 1964-74 with the New York Yankees.

Marlins 6, Padres 2 Bobby Bonilla hit his second homer of the season and drove in three runs as Florida won at San Diego.

Rockies 8, Astros 5 Ellis Burks hit his fifth home run in six games and Walt Weiss hit the 20th homer of his career as Colorado beat visiting Houston. Burks had three hits and drove in two runs. For Weiss, who began his major-league career in 1987, it was his first homer in 185 at-bats going back to last season.

Pirates 8, Expos 6 Kevin Young, a player without a permanent position in the Pittsburgh lineup, hit the first grand slam of his career as the Pirates won in Montreal. Young has played outfield, first base and third base.

Reds 7, Cubs 5 Pete Schourek pitched the Reds past Chicago in an angry game at Cincinnati.

Scott Servais and Jose Hernandez hit consecutive home runs in the fourth inning, and Schourek hit Brant Brown with his next pitch. That brought the Cubs to the railing of their dugout to yell at the pitcher and prompted plate umpire Rich Rieker to warn both benches.

In the sixth, Larry Casian hit the Reds' captain, Barry Larkin, on the left leg.

• The games in New York between the Red Sox and Yankees and in Philadelphia between the Phillies and Mets were rained out.

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SPORTS

A 'Surreal' Shot Gives New Life to Rockets

Johnson's 3-Pointer Ties Series

By Selena Roberts
New York Times Service

HOUSTON — The emotional release occurred the split second Eddie Johnson let go of the ball. As the shot followed its smooth arc, the reserve Rockets spilled off the bench and onto the floor.

The ripe old Rockets were bouncing every which way. They knew the shot was going down. No question. There was not a single doubt among them.

NBA Playoffs

Yes, the Rockets, ex-champions, were still hungry.

Johnson's game-winning 3-pointer from the top of the perimeter with 0.2 seconds left went through the net at the buzzer like an Olympic diver. No splash. Perfect 3.0.

Once again, the 38-year-old with the baby-soft touch gave the Rockets a victory against the numb Utah Jazz. Houston won, 98-95, on Sunday to even this best-of-seven Western Conference final at 2-2.

"It hung in the air forever. It was surreal," Charles Barkley said. "I don't know what surreal means. But I heard someone say it once on TV, and it sounded smart. So this was surreal."

Johnson knew what Barkley meant. And he had never experienced anything like it before. He was coming off a 31-point performance off the bench to carry his team to victory in Game 3, but this was different. One shot. One victory.

"When I let it go, I said, 'This baby has a chance to go in,'" Johnson said. "Everything was in slow motion. It went in and everything was a blur after that. It was by far the biggest shot I've ever hit."

Johnson, a 14-year pro, high-stepped it down the court, prancing past a Utah bench that was left stunned. In trying to deny the bounce pass from Clyde Drexler to Hakeem Olajuwon into the post with 2.7 seconds left, Utah's Jeff Hornacek left Johnson to double team Drexler. Drexler then swung the ball to Matt Maloney, who flicked it quickly to Johnson. All Hornacek could do was lunge toward Johnson in vain. All Jerry Sloan, the Utah coach, could do was shake his head.

"Well, I hope we know who Eddie Johnson is now," Sloan said. "How can you double team and leave a guy like that wide open? It's simple. You guard all five guys. If they beat you, make them do it on a tough shot. Eddie hit a tough one, but it was open. He hits those a lot."

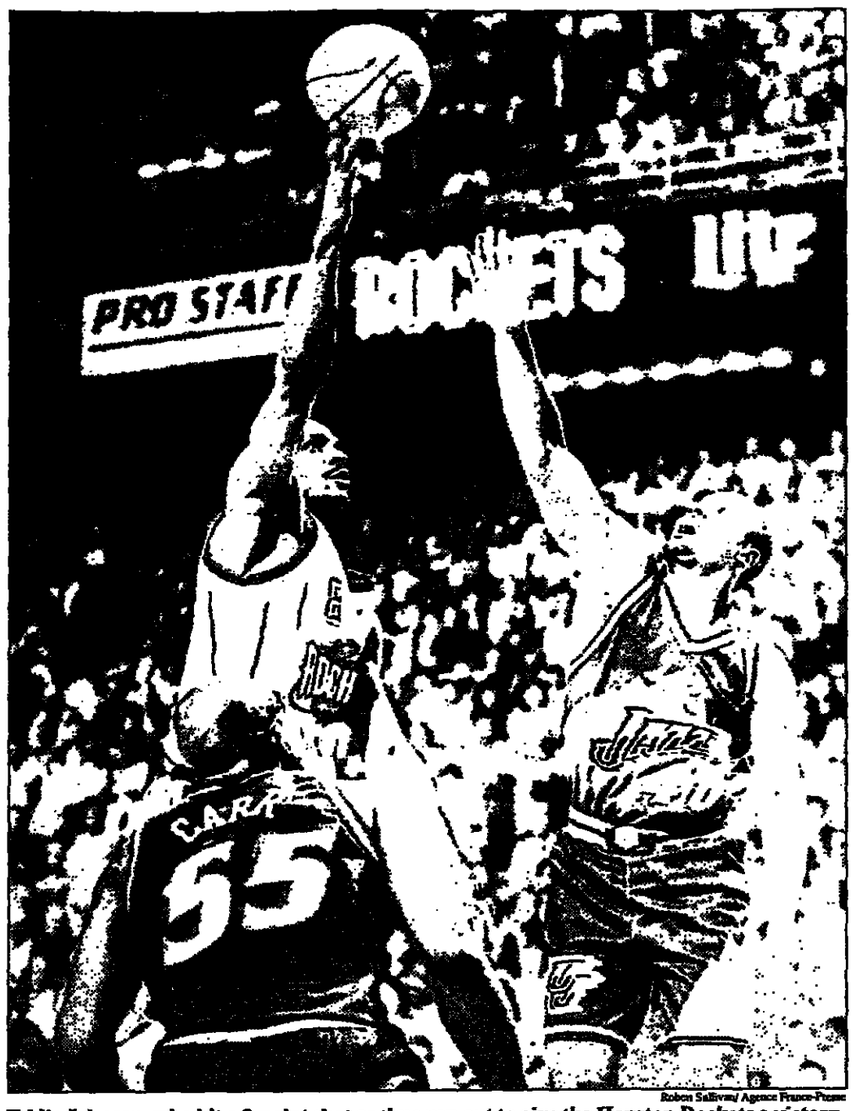
Johnson has hit the Jazz the hardest, kicking the tires on his game and finding out it still runs. Until Johnson's arrival in this series, the Jazz had been so confident.

Even after losing Game 3, they had solutions to that defeat, especially Malone. He just needed the ball more. So the Jazz granted Malone's request, feeding him the ball — continuous, uninterrupted, as if Malone's life depended on it.

This is how Malone wanted it. The 16 shot attempts he was given in Game 3 seemed to insult him. He had 28 shot attempts Sunday. But he made just 10, missing driving lay-ups on Barkley.

"If I had to evaluate my game, I'd say it was pretty bad," Malone (22 points, 10 rebounds) said. "If I had made more shots, we win. I didn't. I don't have an excuse. I can handle it. I just didn't make them. Now everything is about Tuesday. That's the biggest game of the season now."

Utah's edge in Games 1 and 2 has been sanded down a bit by the resilient Rockets. The team that looked as yellowed as an old newspaper clipping has perked right up.



Robert Sullivan/Agence France-Presse

Eddie Johnson, who hit a 3-point shot as time ran out to give the Houston Rockets a victory, shooting over Antoine Carr and Shandon Anderson of the Utah Jazz earlier in the game.

Flyers in Finals As Rangers Fall

By Rachel Alexander
Washington Post Service

PHILADELPHIA — In 1987, Ron Hextall and the Philadelphia Flyers lost to Edmonton's Wayne Gretzky and Mark Messier in the Stanley Cup finals. Ten years later, the Flyers finally have their revenge.

Hextall and the Flyers beat Messier and Gretzky's current team, the New York Rangers, 4-2, Sunday to win the Eastern Conference final, four games

NHL Playoffs

to one, and earn another trip to the Cup finals. Philadelphia will play the winner of the Detroit-Colorado series.

In '87, Gretzky and Messier looked invincible while playing with the Edmonton Oilers. On Sunday, they looked tired. They didn't score in the final two periods and were limited to 10 shots. Hextall, named the playoffs' Most Valuable Player in '87, didn't get much of a workout.

He said it seemed like it had been about 20 years since the '87 finals.

The Rangers led, 2-1, early in Sunday's game, their first lead since Game 2. But a goal from John LeClair 15 minutes 53 seconds into the first period evened the score, and Rod Brind'Amour's goal less than four minutes later put Philadelphia ahead. The Flyers never looked back, and Brind'Amour added a second goal in the third period for comfort — and emphasis.

The Flyers have won all three of their playoff series in five games and stayed relatively healthy throughout. The older Rangers were beaten up. Four wingers — Bill Berg, Niklas Sundstrom, Pat Flatley and Ken Germander — were out, and Gretzky, Brian Leetch, Bruce Driver and Doug Lidster all received pain shots before the game.

Colin Campbell, the New York coach, blamed the team's poor health for the loss, although he also pointed to the Rangers' inability to kill penalties. Two of Philadelphia's goals came on the power play, including Eric Lindros's opening score at 5:18 of the first period.

"Our penalty kill was our downfall, as it has been all year, and that led to the rest of the game not going well," Campbell said. "We always said getting the first goal was very important in this series."

The Rangers were unable to score first in any game as the Flyers dominated all but Game 2. In that game, Philadelphia's goaltender, Garth Snow, allowed five goals on 10 shots before being replaced by Hextall. Since then, Hextall has played well, allowing seven goals on 92 shots. The defense the Rangers displayed in the first and second rounds was also missing, and Mike Richter, who allowed just 14 goals in their first 10 games, allowed 19 in this series.

Like Lindros, Brind'Amour has never been to the Stanley Cup finals, but he has already begun asking Hextall for advice.

"It's like Hexy said: 'No one's going to remember who finished second,'" he said. "We know we have a lot of work ahead of us."

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Baltimore	31	15	.674	—
New York	26	22	.542	6
Toronto	24	21	.533	6½
Detroit	21	26	.447	10½
Boston	18	27	.400	12½

CENTRAL DIVISION

Cleveland	25	21	.543	—
Milwaukee	22	22	.500	2
Kansas City	22	24	.478	3
Chicago	21	24	.467	3½
Minnesota	20	28	.417	6

WEST DIVISION

Texas	26	20	.565	—
Anaheim	25	21	.543	1
Seattle	25	23	.521	2
Oakland	19	31	.380	9

NATIONAL LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Atlanta	33	15	.688	—
Florida	29	18	.617	3½
Montreal	26	21	.553	6½
New York	26	22	.542	7
Philadelphia	18	29	.383	14½

CENTRAL DIVISION

Houston	25	24	.510	—
Pittsburgh	24	24	.500	½
St. Louis	20	27	.426	4
Chicago	17	30	.362	7
Cincinnati	16	31	.340	8

WEST DIVISION

San Francisco	27	20	.574	—
Colorado	26	22	.542	1½
Los Angeles	25	22	.532	2
San Diego	20	27	.426	7

SUNDAY'S LINE SCORES

AMERICAN LEAGUE

Anaheim	020	000	001	00—3	6	0
Toronto	010	200	000	01—4	9	0

(11 innings) Dickson, Holtz (7), P. Harris (7), DeLucia (10) and Leyritz; Henigen, Plesac (8), Crabtree (8), Timlin (9) and Santiago. W—Timlin, 1-0. L—DeLucia, 4-2. HR—Toronto, C. Delgado (7).

Seattle	100	100	001	00—3	8	0
Kansas City	000	011	100	01—4	13	0

(11 innings) Fassero, Ayala (10) and Marzano, D. Wilson (9); Rusch, J.Montgomery (8), Pichardo (10), J. Walker (11) and M. Sweeney, Spehr (8), Macfarlane (10). W—J. Walker, 3-2. L—Ayala, 3-2. HRs—Seattle, Griffey Jr (22), Gates (2). Kansas City, C. Davis (6).

Texas		300	010	010—5	9	4
Detroit		020	222	05x—13	13	0

Witt, Vosberg (5), Alberro (5), Gunderson (8) and H. Mercedes; Lira, Sager (6) and Casanova. W—Lira, 3-2. L—Witt, 7-1. Sv—Sager (2). HRs—Tex., W. Clark (6), Newson 2 (3). Det., Higginson (7), Hamelin (3).

Milwaukee		050	200	001—11	16	0
Chicago		311	010	100—7	14	5

Eldred, Adamson (5), Wickman (8) and Levis; Baldwin, C. Castillo (6), L. Thomas (7), Karchner (9) and Fabregas. W—Adamson, 1-0. L—Baldwin, 2-4. Sv—Wickman (1). HRs—Milwaukee, Jaha (11). Chicago, Baines (5), Belle (9).

Baltimore		002	011	002—6	9	1
Cleveland		111	013	00x—7	12	1

ML.Johnson, Rhodes (4), Te.Mathews (6), Br.Williams (6) and Webster; Nagy, Sinatro (8), M. Jackson (9), Mormon (9) and S. Alomar. W—Nagy, 6-2. L—Rhodes, 2-2. Sv—Mormon (2). HRs—Baltimore, Palmeiro (9), Surhoff (6). Cleveland, Justice (14), S. Alomar (10).

Oakland		012	001	002	0—6	11	1
Minnesota		002	120	010	1—7	9	1

Prieto, A. Small (7), Taylor (9) and Ga.Williams; Tewksbury, Swindell (6), Trombley (6), Guardado (8), Nauby (8), Aguilera (9) and Steinbach. W—Aguilera, 2-1. L—Taylor, 1-3. HRs—Oakland, Berroa (10), McGwire (16). Minnesota, Dr.Jackson (2), Meares (5).

NATIONAL LEAGUE

Pittsburgh		000	030	058—8	9	1
Montreal		101	001	120—4	11	0

Loaiza, M. Wilkins (7), Rincon (8), Loiselle (9) and Kendall; Hermanson, D. Veres (5), M. Valdes (6), Daal (7), L. Smith (8), Telford (8), Torres (9) and Widger. W—M. Wilkins, 4-0. L—Daal, 1-1. Sv—Loiselle (4). HRs—Pittsburgh, K. Young (2), Sveum (1). Montreal, Lansing 2 (8).

Chicago		100	300	010—5	8	0
Cincinnati		200	040	01x—7	12	0

F.Castillo, Battenfield (5), Casian (5), Wendelstedt (7), Tatis (7), Rojas (8) and Servais; Schourek, Sullivan (6), Carrasco (8), Remlinger (9), Shaw (9) and Taubensee. J. Oliver (9). W—Schourek, 3-4. L—Battenfield, 1-1. Sv—Shaw (6). HRs—Chicago, J. Hernandez (2), Servais (4), Glanville (1).

Houston		230	001	000—5	9	0
Colorado		001	131	02x—8	14	3

Hall, Lima (5), R. Garcia (6), Hudek (8) and Eusebio. Ausmus (8); R.Bailey, S. Reed (9), M. Munoz (9) and Manwaring. W—R. Bailey, 5-4. L—R. Garcia, 2-3. Sv—M. Munoz (1). HRs—Colorado, Burks (12), Weiss (1).

Atlanta		000	000	000—0	3	0
Los Angeles		000	000	11x—2	6	0

Neagle, Bielecki (8), Embree (8) and J. Lopez; I.Valdes, Hall (8), Te.Worrell (9) and Piazza. W—I. Valdes, 3-5. L—Neagle, 7-1. Sv—Te.Worrell (13).

Florida		300	001	020—6	6	0
San Diego		000	100	010—2	12	2

K.J.Brown and C. Johnson; Hitchcock, P. Smith (8) and C. Hernandez. W—K. J. Brown, 5-2. L—Hitchcock, 4-5. HR—Florida, Bonilla (2).

St. Louis		202	050	000—9	11	1
San Francisco		021	000	000—3	7	1

Stottlemyre, Fossas (8), T. J.Mathews (9) and Lampkin; VanLandingham, Foulke (8), R. Rodriguez (8), Tavarez (9), Poole (8), D.Henry (9) and Jensen. R. Wilkins (7). W—Stottlemyre, 3-3. L—VanLandingham, 2-3. HR—San Francisco, Jensen (1).

BASKETBALL

NBA Playoffs

WESTERN CONFERENCE FINALS
(BEST-OF-SEVEN)
SUNDAY'S RESULT

Utah	27	26	23	16—	92
Houston	24	24	27	28—	95

U: Stockton 9-12 4-5 22, Malone 10-28 2-2 22; H Olajuwon 9-18 9-12 27, Barkley 5-11 10-11 20. Rebounds—Utah 46 (Malone 10), Houston 51 (Barkley 16). Assists—Utah 25 (Stockton 8), Houston 20 (Maloney 6).
(series tied 2-2)

FOOTBALL

WORLD LEAGUE

Amsterdam 26, Barcelona 21
Frankfurt 31, London 7
Scotland 23, Rhein 20

STANDINGS: Barcelona .571 pct.; Rhein .571; Scotland .571; Amsterdam .429; Frankfurt .429; London .429.

ICE HOCKEY

NHL Playoffs

EASTERN CONFERENCE FINALS
(BEST-OF-SEVEN)
SUNDAY'S RESULT

N.Y. Rangers	2	0	0—2
Philadelphia	3	0	1—4

First Period: P-Lindros 11 (LeClair, Niinimaa) (pp). 2, New York, Karpovtsev 1 (Gretzky, Messier) (pp). 3, New York, Tikkanen 9 (Karpovtsev, Gretzky) (pp). 4, P-LeClair 7 (Desjardins, Coffey) (pp). 5, P-Brind'Amour 9 (Therien, Lindros) Second Period: None. Third Period: P-Brind'Amour 10 (Therien) Shots on goal: New York 9-2-8—19. P- 11-8-10—29. Goalies: New York, Richter. P-Hextall.
(Philadelphia wins series 4-1)

CYCLING

Giro d'Italia

Leading placings in the 168-km 10th stage of the Giro d'Italia from Castrovillari to Taranto:

1. Cipollini, It., 5eca 5 h. 10 m. 6 s.; 2. Leoni, It., AKI; 3. Baldato, It., Magliificio MG; 4. Wust, Ger., Festina; 5. Traversoni, It., Mercatone Uno; 6. Manzoni, It., Rasiotto; 7. Missaglia, It., Mapei; 8. Cassani, It., Polti; 9. Magnusson, Swe., Amore and Vita; 10. Eda, Sp., Kelme, all s.t.

OVERALL: 1. Tonkov, Rus., Mapei 45 h. 57 m. 16 s.; 2. Letinez, Fr., Polti at 41 s.; 3. Gotti, It., Saeco 1:01; 4. Pellis, It., Saeco 1:09; 5. Pulnon, It., Carrina Tolio 1:39; 6. Noe', It., Asics 1:43; 7. Coppellito, It., Magliificio MG 1:49; 8. Savoldelli, It., Rasiotto 2:40; 9. Piepoli, It., Ceramiche Refin 2:49; 10. Shefer, Kazak., Asics 3:05

GOLF

MasterCard Colonial

Final scores and money winnings Sunday at $1.8 million MasterCard Colonial on 7,010-yard, par-70 Colonial Country Club course at Fort Worth, Texas:

David Frost, S. Africa	66-63-69-67—265
Brad Faxon, U.S.	63-66-70-68—267
David Ogrin, U.S.	66-67-62-72—267
Paul Goydos, U.S.	64-65-68-71—268
Tiger Woods, U.S.	67-65-64-72—268
Dudley Hart, U.S.	68-66-68-67—269
Bob Tway, U.S.	65-66-69-69—269
Jim Furyk, U.S.	64-67-67-72—270
John Huston, U.S.	67-67-67-70—271
Glen Day, U.S.	69-70-65-68—272
Loren Roberts, U.S.	67-68-66-71—272
Steve Pate, U.S.	69-66-64-73—272

Volvo PGA Championship

Leading scores after Monday's final round of the £1.1 million ($1.79 million) Volvo PGA Championship at par-72, 6,957-yard Wentworth Golf Club in Virginia Water, England:

Ian Woosnam, Wales.	67-68-70-70—275
Nick Faldo, England.	70-67-70-70—277
Ernie Els, S. Africa.	69-71-67-70—277
Darren Clarke, N. Ir.	66-74-66-71—277
C. Montgomerie, Scot.	69-69-76-64—278
Angel Cabrera, Arg.	73-67-70-69—279
David Gilford, Eng.	67-70-72-70—279
Dennis Edlund, Swe.	70-72-69-70—280
Lee Westwood, Eng.	70-72-70-69—281
Barry Lane, Eng.	69-72-69-72—282
F. Nobilo, N. Zealand.	68-71-77-68—284
Eamon Darcy, Ireland.	66-75-76-67—284
E. Romero, Arg.	71-70-70-73—284

SOCCER

GREEK FIRST DIVISION

Olympiakos 6, Kavala 0
AEK 2, Xanthi 1
Iraklis 0, Panathinaikos 2
PAOK 6, Kastoria 0
Kalamata 2, Ionikos 0
Veria 2, OFI 0
Apollon 1, Aris 2
Athinaikos 5, Edessaikos 2
Panahaiki 1, Panilikos 1

FINAL STANDINGS: Olympiakos 84 points; AEK 72; OFI 66; PAOK 63; Panathinaikos 64; Kavala 55; Panilikos 45; Ionikos 44; Apollon 43; Veria 41; Kalamata 41; Athinaikos 40; Iraklis 39; Xanthi 39; Panahaiki 39; Aris 35; Edessaikos 28; Kastoria 8.

ENGLISH PREMIER LEAGUE

PLAYOFF FINAL

Crystal Palace 1, Sheffield United 0

TENNIS

WTA RANKINGS

1. Hingis, Switz., 4648points; 2. Graf, Germ., 4116; 3. Novotna, Czech, 3497; 4. Seles, U.S., 3330; 5. Davenport, U.S., 2688; 6. Sanchez, Sp., 2655; 7. Martinez, Sp., 2458; 8. Huber, Germ., 2447; 9. Majoli, Cro., 2430; 10. Pierce, Fr., 2240; 11. Coetzer, S. Africa, 2229; 12. M.J. Fernandez, U.S., 1995; 13. Spirlea, Rom., 1777; 14. Schultz, Neth., 1557; 15. Habsudova, Slovakia, 1554.

ATP rankings

1. Sampras, U.S., 5,118 points; 2. Chang, U.S., 3,784; 3. Kafelnikov, Rus., 3,008; 4. Ivanisevic, Cro., 2,819; 5. Muster, Austria, 2,803; 6. Kuerten, Brazil, 2,168; 7. Corretja, Spain, 2,162; 8. Enqvist, Swe., 2,148; 9. Moya, Sp., 2,119; 10. Rios, Chile, 2,112; 11. Becker, Ger., 1,819; 12. Costa, Sp., 1,804; 13. Berasategui, Sp., 1,803; 14. Mantilla, Sp., 1,760; 15. Ferreira, S. Africa, 1,647.

French Open

1ST ROUND
WOMEN'S SINGLES

Fusai, Fr., def. Richterova, Czech, 7-5, 3-0 ret.; Arendt, U.S., def. Hiraki, Japan, 6-2, 6-1.
Frazier, U.S., def. Chladkova, Czech, 6-4, 6-0; Coetzer (11), S. Af., def. Granda, It., 6-4, 6-0.
Garrachategui, Arg., def. Olsza, Pol., 6-3, 6-3.
Tanja, Croatia, def. Kochta, Germany, 7-5, 6-3.
Rubin, U.S., def. D.-Oliva, Arg., 7-6 (7-5), 7-5.
Williams, U.S., def. Sawamatsu, Japan, 6-2, 6-7 (2-7), 7-5.
Basuki, Indo., def. Carlsson, Swe., 6-4, 4-6, 6-1.
Dhenin, F., def. Appelmans, Big., 6-7 (7-9), 6-2, 6-1.
Majoli (9), Cro., def. Kleinova, Czech, 7-5, 6-4.
Schnyder, Sw., def. Marusiva, Austria, 6-3, 6-2.
Sukova, Czech, def. Dopfer, Austria, 6-3, 6-4.
Studenikova, Slovakia, def. Longrova, Czech, 6-2, 6-2.
Martinez (7), Sp., def. Loit, Fr., 4-6, 6-2, 6-3.
Gagliardi, Switz., def. Brandi, U.S., 6-3, 6-4.
Kijimuta, Japan, def. Andretta, Fr., 6-3, 6-3.
Seles (3), U.S., def. Saeki, Japan, 6-2, 6-3.
Davenport (5), U.S. def. Kruger, S.Af., 6-2, 6-3.
Cocheleux, Fr., def. Ellwood, Australia, 6-2, 3-6, 6-3.
Serna, Spain, def. Wild, U.S., 7-6 (7-4), 6-0.
Bobek, Germ., def. Curuchet, Fr., 1-6, 6-4, 6-2.
Perdus (16), Austria, def. Whitinger Jones, U.S., 6-0, 6-1.
Wang, Taiw., def. De Villa, Belgium, 6-3, 7-5.
Pierce (10), Fr., def. Panova, Rus., 6-2, 4-6, 6-4.
Golarsa, It., def. Van Lottum, Fr. 4-6, 7-5, 12-10.

MEN'S SINGLES

Kafelnikov (3), Rus., def. Damm, Cz., 6-2, 6-4, 6-4.
Rosset, Fr., def. Medinac, Rus., 6-4, 6-2, 7-6 (12-10).
Delgado, Par., def. Schalken, Neth., 2-6, 7-6 (7-2), 7-5, 6-4.
Poes, Ind., def. Stafford, S.Af., 6-4, 3-6, 6-3, 6-2.
Sampras (1), U.S., def. Santoro, Fr., 6-3, 7-5, 6-1.
Kuerten, Brazil, def. Dosedel, Cz., 6-0, 7-5, 6-4.
Escude, Fr., def. Johansson, Swe., 6-3, 2-6, 7-5, 7-6 (7-3).
Champion, Fr., def. Huet, Fr., 5-7, 4-6, 7-5, 6-3, 6-4.
Meligeni, Br., def. Prana, Arg., 4-6, 6-7 (3-7), 6-4, 7-5.
Knippschild, Ger., def. Primosil, Ger., 6-4, 6-4, 3-6, 4-6, 6-4.
Bjorkman, Sw., def. Raneberg, U., 5-6, 2-6, 1, 4-6, 6-2.
Pioline, Fr., def. Grass, Ger., 6-4, 6-4, 3-6, 7-5.
Navarro, Sp., def. Gorriz, Sp., 1-6, 6-4, 6-2, 6-7 (2-7), 6-1.
Ellis, Arg., def. Schranz, Austria, 6-4, 6-2, 6-3.
Corretja (8), Sp., def. Alami, Morocco, 6-3, 6-4, 6-1.
Norman, Swe., def. Rusedski, Britain, 6-3, 6-2, 3-6, 4-6, 9-7.
Siemerink, Neth., def. Grosjean, F., 6-3, 4-6, 6-4, 6-4.
Raoux, Fr., def. Spadea, U.S., 6-2, 6-0, 6-1.
Stark, U.S., def. Zabaleta, Arg., 6-4, 7-6 (7-2), 7-6 (7-5).
Portas, Sp., def. Solves, France, 7-5, 6-1, 6-3.
Stolrenberg, Australia, def. Alex Radulescu, Germany, 6-0, 6-4, 4-6, 6-4.
Clavet, Sp. def. Charpentier, Arg., 3-6, 6-4, 6-7 (2-7), 6-1, 6-3.
Larsson, Con., def. Gumy Arg., 2-6, 6-4, 6-4, 4-6, 8-6.
Vitoco, Sp. def. Ruud, Nor. 5-7, 6-4, 6-1, 4-1 ret.

DENNIS THE MENACE

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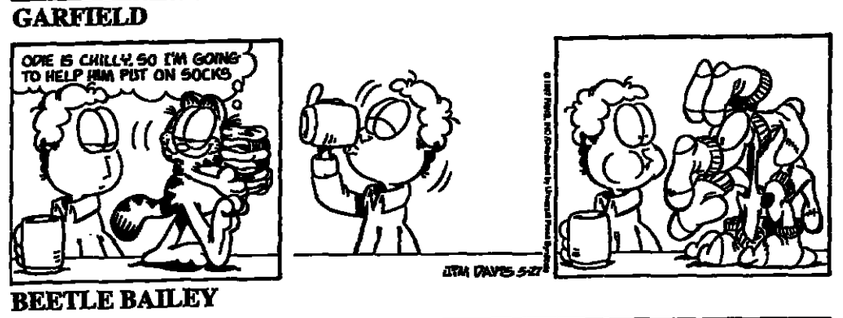

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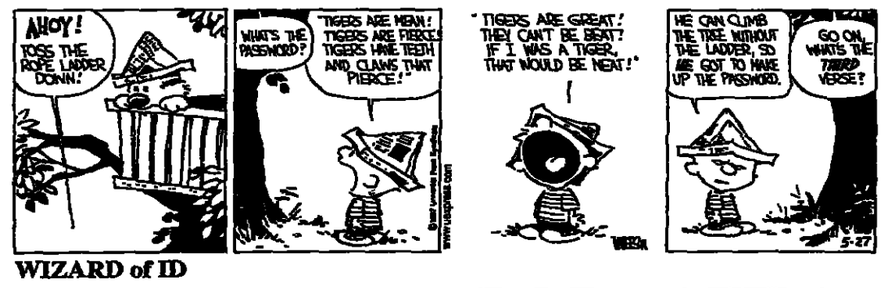

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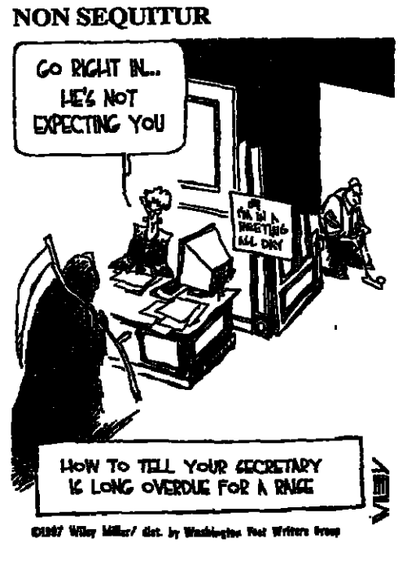


DOONESBURY

ART BUCHWALD

Sex and Circulation

WASHINGTON — When the Cold War ended, the media found itself with nothing to write about. The Evil Empire sold newspapers, magazines and books. It produced tales of the CIA, the KGB and the British Secret Service. The threat of nuclear war stretched our minds and was good for circulation.

Buchwald

When everyone said farewell to the Red Menace, it was with some urgency that the barons of Press and Television met in a board room overlooking New York City. Ray Firestone, the Czar of Hard News Programming, started the meeting by saying, "The Russians are finished, but we must survive. What can we offer our customers when we are without a serious enemy?"

Robert E. Curtis, King of the Tabloids, said, "I say we should replace the Kremlin with sex."

Marion Landew, the radio mogul, said, "Sex?"

"That's it!" said Firestone. "The readers want love, not war. I"m going to order all my reporters to feature adultery, love affairs, homosexuality and any kind of heterosexuality that will sell newspapers. I've told my photographers to catch celebrities doing shocking things in public places, and if they can't do it in public places, then on private beaches. We're not doing this for circulation, but because the public has a right to know what's going on behind closed doors."

□

The representative of The New York Times said, "We will never print gossip in our paper — although we will comment on it if someone else prints it."

"But," asked Barbara Liu, owner of a string of papers in the Midwest, "does this mean we will stop reporting on our armed services?"

"No, but we'll only report what is going on sexually with them, instead of militarily. There is a lot of sex going on in all the military services that until now we have ignored."

"But," said Landew, "suppose our readers don't want to read anything about sex or the people who practice it. What do we do then?"

"We force-feed it to them. Reporting about people's private lives is a dirty business, but somebody in the media has to do it."

An Ancient View Under the Sea

Agence France-Presse

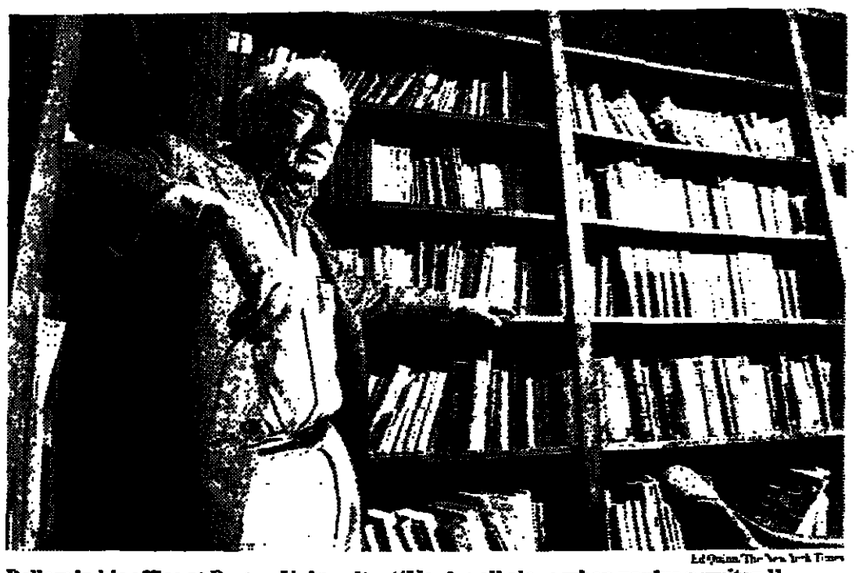
JERUSALEM — Israel has established two underwater archaeological parks to preserve sunken ships and other ancient artifacts discovered off the Mediterranean coast, officials announced Monday.

Divers off the southern city of Ashkelon will be able to view at least 10 ancient ships and their cargo dating from the late Bronze Age, about 3,200 years ago, to medieval times. The artifacts were discovered by a diver after they were exposed by shifting sands caused by the construction of a marina.

A second underwater museum is being opened off the northern port city of Haifa, where similar items have recently been discovered.

Saul Bellow at 81: 'A First-Class Noticer'

By Mel Gussow
New York Times Service


Ed Quinn/The New York Times
Bellow in his office at Boston University: "You're all alone when you're a writer."

BOSTON — Saul Bellow is "a first-class noticer," in common with Harry Trellman, the protagonist of his new novella, "The Actual." The noticer, he said in a recent interview, "is the pussycat in the corner." Bellow a pussycat? More likely his readers think of this Nobel Prize winner as an aging but still raging literary lion.

The truth, of course, is somewhere in the middle. Sitting in his office at Boston University, where he teaches, and later over lunch, he comes across as a man of natural reserve and charm. A conversation with Bellow roamed widely through his life and work, and was sprinkled with quotations from commentators as diverse as Henry James and Henny Youngman. He began with James: "His advice to young writers was to try to be one of those persons on whom nothing is lost." Then, applying that statement to himself, he said, "It becomes second nature."

His approach is that of a newcomer on earth: "I've never seen the world before. Now I was seeing it, and it's a beautiful, marvelous gift. Enchanting reality! And when the end came, I was told by the cleverest people I knew that it would all vanish. I'm not absolutely convinced of that. If you asked me if I believed in life after death, I would say I was an agnostic. There are more things between heaven and earth, Horatio, etc."

At 81, he continues his quest, unabated through 10 novels and many novellas and stories. With his friend Keith Botsford as coeditor, he has just published the first issue of his third literary magazine, News From the Republic of Letters. Bellow has won more awards than any of his contemporaries. Several years ago, The Sunday Times of London asked a selection of critics and authors to name the greatest living novelist in the English language. Bellow won handily.

He greets all honors with a grain of irony. "Every time you're praised, there's a boot waiting for you," he said. "If you've been publishing books for 50 years or so, you're inured to misunderstanding and even abuse."

When he won the Nobel Prize in Literature in 1976, he "took it on an even keel," he said. "There's a secret humiliation connected with the prize, namely that some of the very great writers of the century didn't get it: Proust, Tolstoy, who was still alive, or Strindberg and Joyce." The award thrust him into the uncomfortable position of "a public servant in the world of culture."

In contrast to some writers who wind down late in life, he has entered a new and rewarding phase: shorter, terser Bellow, sending out "a briefer signal." His latest, "The Actual," is 104 pages. Early novels like "The Adventures of Augie March" and "Henderson the Rain King" had tumultuous canvases. In common with his other recent work, the new book in cameo captures themes and passions that have preoccupied the author: the often quixotic search for higher truths and a moral purpose in life. As always, he uses fictional instruments to probe the seemingly inexplicable malignancies of his society.

In the introduction to a collection of three novellas, published in 1991, he saluted his college composition teacher, Miss Ferguson, who advised her students to write short and "to stick to the necessary." In his early work, he disregarded that lesson. Looking back at his longer novels, he would like to simplify some of them. If he had a chance to rewrite "Herzog," he said, "I'd do it better." But there are others like "Henderson" and "Humboldt's Gift" that he can return to "with some pleasure." Both have a strong comic element, something that "always gave me a surer touch."

As with all things, he feels a sense of encroaching time, and as he talked, he apologized for sounding "very deathy." Two years ago, he became sick after eating toxic fish while on holiday with his wife on St. Martin. Later, in Boston, his illness was diagnosed as cigustera, an attack on his nervous system. During Bellow's recovery, the neurologist asked him to write something, and all he could do was draw a tiny, cramped circle.

Remembering that fearful moment, he said, "It was very weird, feeling that you didn't have command of yourself. The doctor cured me of that fast enough, or my creditors did because I had unpaid bills and I couldn't sign the checks." About two months later, he was well enough to write a story. "By the St. Lawrence," which was a re-evocation of a traumatic episode from his childhood in Lachine, Quebec.

Before moving to Boston several years ago, he was a longtime resident of Chicago. There were periods, however, when he lived in New York City and Paris, where he wrote "Augie March." After he had published two short novels, he found himself blocked and in a state of depression. Walking the streets of Paris, he suddenly had a kind of epiphany. He remembered Chucky, a friend from his childhood. "He was a wild talker who was always announcing cheerfully that he had a super scheme. The memory of my affectionate friendship came back to me. I began to think, if he were around and writing a novel, how would he go at it?" Chucky became Augie March, and the book became Bellow's breakthrough. As Cynthia Ozick wrote, it was a prose revolution that "turned over American fiction."

Many years later, Chucky reappeared in the author's life. By then a successful businessman, he had recognized himself in the book and he was annoyed. Didn't he realize that he had achieved a certain immortality? Bellow laughed at the idea. "He had a different 'I' in mind. He thought of it as an intrusion."

In such fashion, he has repeatedly based characters on real people. Humboldt on the poet Delmore Schwartz, Henderson on Chandler Chapman, a son of the writer John Jay Chapman. "The Bellarosa Connection" centers on the flamboyant Broadway impresario Billy Rose.

Bellow is always on the alert for such tales: "I have my ear to the ground. As I like to say, if you have your ear to the ground, you either get a dirty ear or you hear the locomotive coming." But if you don't watch out, you might be run over. "Well, you don't get too close to the tracks."

Bellow and his wife (his fifth), Janis Freedman, whom he describes as "a genius noticer," divide their time between Boston and their home in Vermont. The novelist, the quintessential urbanite, has a studio in the woods. Sometimes as he works, wild animals visit. "I had a black bear come up to the screen door. I was writing a story. He watched me. I watched him. He was thinking it over." Then the bear went back into the woods and Bellow returned to his writing, immersing himself in the transformation of reality into a far greater fictional reality. Once again, he was trying "to fathom the mystery of people you think you know so well."

Reuters
UPSET ON THE SET — U2's lead singer, Bono, and the British model Sophie Dahl during the taping of the group's new video. U2 decided to shoot the video in downtown Kansas City, Missouri, in the middle of the band's 100-city tour.

PEOPLE

EVEN as a student at Oxford, **Oscar Wilde** was clear about his destiny: "Success, fame or even notoriety." In a questionnaire he filled out in 1877, Wilde said his most distinctive characteristic was "inordinate self-esteem" and listed himself as one of his four favorite poets. Yet the traits he most disliked in others were "vanity, self-esteem, conceit." The handwritten answers are in a two-page entry in an "Album for Confessions or Tastes, Habits and Convictions," which is to be sold June 6 at Christie's in London. The document includes a photograph of the 23-year-old Wilde. It is being sold by a descendant of **Adderley Millar Howard**, a theater impresario and actor who collected the questionnaires.

□

The Nobel laureate **Alexander Solzhenitsyn** has been discharged from the Moscow hospital where he underwent treatment for heart problems, news agencies said Monday. Doctors say his condition is stable and he is able to recuperate further at home, Itar-Tass and Interfax reported. The 78-year-old Solzhenitsyn entered the hospital May 12 after what doctors say was a mild heart attack.

□

Kiss, those 1970s heavy-metal performers with painted faces, have just signed a deal to turn four of their hits into elevator music. Muzak's Environmental Music has acquired the rights to feature instrumental versions of "World Without Heroes," "Every Time I Look at You," "Sure Know Something" and "Beth."

□

The Egyptian film director **Youssef Chahine** on Monday criticized state television for bowing to pressures from Islamic militants and canceling the screening of one of his films, "The Emigrant." The film was to have been shown Sunday as part of a tribute to Chahine, who won the 50th anniversary festival prize at the Cannes film festival a week earlier. But the broadcast was canceled after an Islamic lawyer presented a copy of a court ruling forbidding it to be shown. The film, which Islamic fundamentalists say is blasphemous, was banned in December 1994, and a long legal battle ensued after a contradictory ruling in 1995. "The Ministry of Justice told me that I could show the film, but a guy over at the Culture Ministry is not sure," Chahine said. "They are still hesitating."

□

John Fogerty, the former **Creedence Clearwater Revival** front man renowned for his bayou rock 'n' roll style, has released a new album, "Blue Moon Swamp," 11 years after his last one. "There was no way I was going to make a record that was no good," Fogerty told Time magazine. "You keep going until you get it." His mind may have been on other things. Fogerty was caught up in legal disputes over his songs and his first marriage broke up in 1987. He has since remarried. And he refused to hurry the new album, spending more than three years learning the bottleneck guitar style and dobro rather than hire studio musicians. "I'd lost the ability to create," he said. "I've found it again. I call it 'the miracle.'"

□

Being Kramer doesn't come easy, and the actor **Michael Richards** dislikes the perception that he's perfect for the oddball "Seinfeld" part because he's naturally weird, rather than because he's a truly serious actor mastering a difficult role. "Journalists like to portray me as a madman," Richards says in TV Guide. "When I talk about acting, I come across as addicted to perfection or obsessed. It's not that. It's just hard work. I'm a highly disciplined artist, and sometimes I push too hard."

□

The actress **Elisabeth Shue** is reportedly expecting a baby around Christmas with her husband, **David Guggenheim**.

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